

# MUSKOGEE

## OKLAHOMA



**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**



# The CITY OF MUSKOGEE, OKLAHOMA

## ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AN FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021



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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Muskogee, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Muskogee, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Muskogee, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Muskogee, Oklahoma, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Muskogee, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Muskogee, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Muskogee, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Muskogee, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 and 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Muskogee, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023, on our consideration of the City of Muskogee, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Muskogee, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Muskogee, Oklahoma's internal control over financial reporting and compliance.

*Hood & Associates CPAs PC*

Hood & Associates CPAs, PC

Tulsa, Oklahoma  
February 21, 2023



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Our discussion and analysis of the City of Muskogee's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the City's total net position increased by \$28,954,804 or 14.3% from the prior year.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$27 million.
- During the year, the City had expenses and transfers out of \$61.8 million for governmental funds. The City had revenues, including transfers in and debt proceeds, of \$68.7 million for governmental funds. The net change was an increase of \$7.0 million in governmental funds.
- At June 30, 2021, the General Fund reported an unassigned fund balance of \$6,112,008.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$3,015,126 or 8.2%, while expenditures were under the final appropriations by \$3,173,409 or 9.0%.

## USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 9-11) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### Reporting the City as a Whole

#### Government-wide Statements

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

- These two statements report the City's *net position* and changes in them. You can think of the City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position, is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, public works and parks departments, and general administration. Sales taxes, franchise taxes, and transfers in finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Airport, Civic Center, Municipal Authority, War Memorial Park, Swim & Fitness Center, Hatbox, Hatbox Field, Hatbox Sports Complex, Tourism Authority and Parking Authority, and the City of Muskogee Foundation are reported here.

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 14. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the water and sewer program) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the gasoline tax). The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliations after the fund financial statements.
- Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2021**

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position as of June 30, 2021:

**TABLE 1  
NET POSITION (In Thousands)  
JUNE 30, 2021 AND 2020**

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<u>2021</u>	<u>Restated, 2020</u>		<u>2021</u>	<u>Restated, 2020</u>		<u>2021</u>	<u>Restated, 2020</u>	
Current assets and other assets	\$ 32,899	\$ 27,295	21%	\$ 181,777	\$ 152,428	19%	\$ 214,676	\$ 179,723	19%
Capital assets, net	70,057	63,403	10%	100,726	93,152	8%	170,783	156,555	9%
Other non-current assets	-	92	100%	1,600	2,000	-20%	1,600	2,092	-24%
<b>Total assets</b>	<u>102,956</u>	<u>90,790</u>	13%	<u>284,103</u>	<u>247,580</u>	15%	<u>387,059</u>	<u>338,370</u>	14%
Deferred outflows of resources	8,723	7,041	24%	-	-	0%	8,723	7,041	24%
<b>Total assets and deferred outflows of resources</b>	<u>111,679</u>	<u>97,831</u>	14%	<u>284,103</u>	<u>247,580</u>	15%	<u>395,782</u>	<u>345,411</u>	15%
Current liabilities	5,673	6,808	-17%	8,467	9,033	-6%	14,140	15,841	-11%
Non-current liabilities	42,370	37,639	13%	106,246	86,889	22%	148,616	124,528	19%
<b>Total liabilities</b>	<u>48,043</u>	<u>44,447</u>	8%	<u>114,713</u>	<u>95,922</u>	20%	<u>162,756</u>	<u>140,369</u>	16%
Deferred inflows of resources	2,722	3,693	-26%	-	-	0%	2,722	3,693	-26%
Net position									
Net investment in capital assets	61,988	55,329	12%	35,816	33,314	8%	97,804	88,643	10%
Restricted	15,291	19,446	-21%	517	4,300	-88%	15,808	23,746	-33%
Unrestricted (deficit)	(16,365)	(25,084)	-35%	133,057	114,044	17%	116,692	88,960	31%
<b>Total net position</b>	<u>\$ 60,914</u>	<u>\$ 49,691</u>	23%	<u>\$ 169,390</u>	<u>\$ 151,658</u>	12%	<u>\$ 230,304</u>	<u>\$ 201,349</u>	14%

The City's combined net position increased from \$201,348,709 million (as restated) to \$230,303,513 million or 14.3% increase due to the operation of the Governmental and Business-type Activities.

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Governmental Activities:*

Current assets increased \$5.6 million or 21% due mainly to \$2.8 million CARES grant and net income in 2019 Street Fund of \$3.8 million due to \$2 million Foundation grant and \$2 million transfer from MMA. Deferred outflows increased by \$1.7 million or 24% due to police and fire pension changes, and deferred inflows \$971,319 due to police and fire pension changes. Unrestricted net position increased by 8.4 million or 33% due to the current asset increase of \$5.6 million and \$4.2 million reduction in restricted net position due to a reclassification of balances to more appropriately align with GASB 54.

*Business-Type Activities:*

Non-current liabilities increased \$19.4 million or 22% due to issuance of new debt and loan draws on existing debt. Restricted net position decreased \$4 million due to the reclassification of restricted construction cash as a reduction to Net investment in capital assets.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2021**

**Changes in Net Position**

The following table shows the revenue and expenses of the total primary government.

<b>TABLE 2 CHANGES IN NET POSITION (In Thousands) JUNE 30, 2021 AND 2020</b>									
	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
<b>Revenues</b>									
Charges for service	\$ 1,776	\$ 1,436	24%	\$ 55,289	\$ 23,707	133%	\$ 57,065	\$ 25,143	127%
Operating grants and contributions	5,147	3,237	59%	-	233	-100%	5,147	3,470	48%
Capital grants and contributions	1,641	-	100%	51	2,000	-97%	1,692	2,000	-15%
Taxes	34,668	32,638	6%	-	-	0%	34,668	32,638	6%
Intergovernmental revenue	9	22	-59%	-	-	0%	9	22	-59%
Other	877	1,056	-17%	1,268	484	162%	2,145	1,540	39%
<b>Total revenues</b>	<b>44,118</b>	<b>38,389</b>	<b>15%</b>	<b>56,608</b>	<b>26,424</b>	<b>114%</b>	<b>100,726</b>	<b>64,813</b>	<b>55%</b>
<b>Expenses</b>									
General government	10,861	14,407	-25%	-	-	-	10,861	14,407	-25%
Public safety and judiciary	24,235	19,506	24%	-	-	-	24,235	19,506	24%
Transportation	3,131	1,825	72%	-	-	-	3,131	1,825	72%
Cultural, parks and recreation	4,163	4,603	-10%	-	-	-	4,163	4,603	-10%
Utilities	-	6,016	-100%	13,278	3,757	253%	13,278	9,773	36%
Interest on long-term debt	445	281	58%	-	-	-	445	281	58%
Economic development	633	702	-10%	-	-	-	633	702	-10%
Airport	-	-	-	406	464	-13%	406	464	-13%
Storm water	-	-	-	197	-	100%	197	-	100%
Parking	-	-	-	100	19	426%	100	19	426%
Civic center and Roxy Theatre	-	-	-	966	703	37%	966	703	37%
Hatbox Sports Complex	-	-	-	1,158	1,019	14%	1,158	1,019	14%
Swim & fitness center	-	-	-	576	539	7%	576	539	7%
War Memorial Park	-	-	-	41	70	-41%	41	70	-41%
Community development	-	-	-	11,581	1,618	616%	11,581	1,618	100%
Financing	-	-	-	-	1,747	-100%	-	1,747	-100%
<b>Total expenses</b>	<b>43,468</b>	<b>47,340</b>	<b>-8%</b>	<b>28,303</b>	<b>9,936</b>	<b>185%</b>	<b>71,771</b>	<b>57,276</b>	<b>25%</b>
Excess (deficiency) before transfers	650	(8,951)	-107%	28,305	16,488	72%	28,955	7,537	284%
Transfers	10,573	12,496	15%	(10,573)	(10,454)	1%	-	2,042	100%
<b>Increase (decrease) in net position</b>	<b>\$ 11,223</b>	<b>\$ 3,545</b>	<b>217%</b>	<b>\$ 17,732</b>	<b>\$ 6,034</b>	<b>194%</b>	<b>\$ 28,955</b>	<b>\$ 9,579</b>	<b>202%</b>

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Governmental Activities:*

The change in net position of governmental activities was \$10.9 million. Examples of governmental activities are general government, fire, police, streets, public works and parks.

Operating grants and contributions increased \$1.9 (24%) due mainly to CARES grant of \$2 million used for operating purposes.

Capital grants increased \$1.3 million due to \$0.8 million CARES grant used for capital purposes and \$0.4 million final draw on 2017 EDA grant used for street projects.

General Government expenses decreased \$3.5 million due mainly to all governmental depreciation charged to general government activity of \$2.9 million in prior year. In fiscal year 2021, the depreciation was reported in appropriate activities.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2021**

Public Safety expenses increased \$4.7 million (24%) due mainly to: 1) depreciation expense not recorded in appropriate activities in the prior year of \$0.8 million, 2) increased pension expenses related to accrual entries of \$3.1 million, and 3) allocation of internal service fund expenses in the current year of \$0.6 million.

Transportation expenses increased \$1.3 million (72%) mainly due to 1) depreciation expense recorded in current year of \$0.9 million, 2) internal service fund allocation in the current year of \$0.1 million; 3) other operating expenses of \$0.3 million.

Cultural, parks and recreation decreased expenses \$0.4 million due mainly to the net effect of 1) depreciation expense in the current year of \$0.6 million which increased expenses, 2) moving Civic Center and Roxy Theatre expenses of \$0.9 million to business-type activities.

Utilities expenses decreased \$6,016 due to moving these activity expenses to business-type activities.

The following table compares fiscal year 2021 and 2020 total Governmental Activities expenses and net revenue (expense) of services:

**TABLE 3**  
**Net Revenue (Expense) of Governmental Activities (In Thousands)**  
**June 30, 2021 and 2020**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
General government	\$ 10,861	\$ 14,407	-25%	\$ (7,937)	\$ (13,798)	-42%
Public safety and judicial	24,235	19,506	24%	\$ (20,542)	(15,862)	30%
Transportation	3,131	1,825	72%	\$ (1,909)	(1,820)	5%
Cultural, parks and recreation	4,163	4,603	-10%	\$ (3,437)	(4,187)	-18%
Utilities	-	6,016	-100%	\$ -	(6,017)	-100%
Economic development	633	702	-10%	\$ (633)	(702)	-10%
Interest on long-term debt	445	281	58%	\$ (445)	(281)	58%
<b>Total</b>	<u>\$43,468</u>	<u>\$47,340</u>	-8%	<u>\$ (34,903)</u>	<u>(\$42,667)</u>	-18%

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Business-type Activities:*

The change in net position of business-type activities was an increase of \$17.7 million. Examples of proprietary activities are water, waste water services and solid waste, Hatbox sports complex, Hatbox field, Civic Center, Roxy Theatre, Swim & Fitness Center, War Memorial Park, City of Muskogee Foundation, and Davis Field Airport.

Charges for services increased \$31.9 million (133%) mainly due to Muskogee Foundation increased unrealized gains \$30.6 million.

Capital grants and contributions decreased \$2.0 million due to Hatbox Sports Complex capital contribution in prior year.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2021**

Utilities expenses increased \$9.4 (250%) million mainly due to transfer of utility expenses of \$6.7 million from governmental activities, \$1.4 million relocation of interest expense, and \$0.3 million increase in depreciation expense.

Storm water increased \$0.3 million due to a relocation of interest expense and internal service funds expenditures.

Community development expenses increased \$13.1 million (813%) due to increased program expenses for Muskogee Foundation.

Financing decreased 100% due to relocation of interest expense to the proper function.

The following table compares fiscal year 2021 and 2020 total Business-type Activities expenses and net revenue (expense) of services:

**TABLE 4  
Net Revenue (Expense) of Business-Type Activities (In Thousands)  
June 30, 2021 and 2020**

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
Utilities	\$ 13,278	\$ 3,757	253%	\$ 5,209	\$ 15,297	-66%
Airport	406	464	-13%	(126)	(230)	-45%
Stormwater Management	197	-	-	1,176	-	-
Parking	100	19	426%	(54)	27	-300%
Civic center and Roxy Theatre	966	703	37%	(865)	(472)	83%
Hatbox Sports Complex	1,158	1,019	14%	(491)	1,704	-129%
Swim & fitness center	576	539	7%	(193)	(158)	22%
War Memorial Park	41	70	-41%	(17)	(26)	-35%
Community development	11,581	1,618	616%	22,397	1,609	1292%
Financing	-	1,747	-100%	-	(1,747)	-100%
<b>Total</b>	<u>\$ 28,303</u>	<u>\$ 9,936</u>	185%	<u>\$ 27,036</u>	<u>\$ 16,004</u>	69%

## A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Type Funds

As of year-end, the governmental funds reported a combined fund balance of \$28.8 million which is an increase from the beginning of the year, as restated, of approximately \$6.9 million. Several of the governmental funds are capital expenditure related and, therefore, may reflect capital expenditures or payment on debt service (which are reflected in the current financial resource-based Fund Financial Statements) as a spending of a portion of available net position or an increase in net position from unspent net position.

### Proprietary Funds

As of year-end, the proprietary funds reported combined net position of \$169.7 million which is an increase from the beginning of the year, as restated, of about \$18.0 million.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2021 the City had \$170.8 million invested in a broad range of capital assets, including police, fire and public works equipment, buildings, park facilities, infrastructure, roads, bridges and stormwater drainage structures. This amount represents an increase (including additions and deductions) of \$14.3 million from fiscal year 2020, as restated. See pages 38-39 in the notes to the financial statements for detailed changes in capital assets.

**TABLE 5**  
**Primary Government Capital Assets (In Thousands)**  
**(Net of accumulated depreciation)**  
**June 30, 2021 and 2020**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>			
	Restated		Restated		Restated	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 3,895	\$ 3,895	\$ 2,417	\$ 2,417	\$ 6,312	\$ 6,312
Buildings	7,548	7,818	8,200	6,249	15,748	14,067
Furniture, fixtures, and equipment	7,126	7,114	10,255	10,298	17,381	17,412
State Fair assets	145	165	-	-	145	165
Muskogee Tourism Authority assets	-	-	31	-	31	-
War Memorial assets	-	-	55	61	55	61
Infrastructure	41,872	41,374	73,688	63,238	115,560	104,612
Construction in progress	9,471	3,279	6,080	10,553	15,551	13,832
<b>Totals</b>	<u>\$ 70,057</u>	<u>\$ 63,645</u>	<u>\$ 100,726</u>	<u>\$ 92,816</u>	<u>\$ 170,783</u>	<u>\$ 156,461</u>

This year's more significant capital asset additions include:

North East Collection system - \$5,002,867  
 30' water line replacement - \$4,390,182  
 Waste Water treatment plant improvements \$2,438,547  
 Hatbox Field improvements - \$2,159,188

See Note 3.E. to the financial statements for more detail information on the City's capital assets and changes therein.

### **Long- Term Debt**

The City's changes in long-term debt by type of debt are as follows (excludes unamortized premiums/discounts and deferred amounts on refunding):



**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2021**

**TABLE 6  
Primary Government Long-Term Debt (In Thousands)  
June 30, 2021 and 2020**

	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total</u></b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accrued absences	\$ 5,634	\$ 5,483	\$ 34	\$ 135	\$ 5,668	\$ 5,618
Notes payable	8,020	8,477	79,832	68,072	87,852	76,549
Capital leases	49	133	-	-	49	133
<b>Totals</b>	<u>\$ 13,703</u>	<u>\$ 14,093</u>	<u>\$ 79,866</u>	<u>\$ 68,207</u>	<u>\$ 93,569</u>	<u>\$ 82,300</u>

See Note 3.F. to the financial statements for more detail information on the City's long-term debt and changes therein.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and fees that will be charged for the business-type activities. One of those factors is the economy.

Economy indicators were taken into account when adopting the General Fund budget for fiscal year 2022. Amounts available for appropriation in the General Fund budget are \$37,369,900, an increase from the fiscal year 2021 final budget of \$34,930,522.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Finance Department at City of Muskogee, P.O. Box 1927, Muskogee, OK 74402.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Statement of Net Position  
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Muskogee Medical Center Authority	Muskogee Industrial Trust
<b>ASSETS</b>					
Cash and cash equivalents	\$ 35,073,595	\$ 14,338,716	\$ 49,412,311	\$ 8,840,090	\$ 891,202
Investments	-	150,264,352	150,264,352	5,094,973	231,312
Restricted assets:					
Bond fund/cash & investments	484,188	6,294,629	6,778,817	-	1
Receivables (net of allowance for uncollectibles):					
Services	572,328	2,347,150	2,919,478	-	64,574
Judgments receivable	-	2,793	2,793	-	-
Taxes receivable	4,558,010	-	4,558,010	-	-
Due from other governments-grants	92,244	-	92,244	-	-
Accrued interest	-	206,717	206,717	-	4,903
Internal balances	(7,946,811)	7,946,811	-	-	-
Inventory	-	374,648	374,648	-	-
Prepaid expenses	64,855	1,015	65,870	47,603	-
Direct financing lease receivables	-	-	-	-	172,859,356
Investment in equity investee	-	-	-	455,143	-
Notes receivable	-	1,600,000	1,600,000	2,784,365	95,580
Capital assets:					
Land and construction in progress	13,365,742	8,496,980	21,862,722	1,302,010	-
Other capital assets, net of depreciation	56,691,440	92,228,589	148,920,029	30,008,083	-
<b>Total assets</b>	<b>102,955,591</b>	<b>284,102,400</b>	<b>387,057,991</b>	<b>48,532,267</b>	<b>174,146,928</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts related to OPEB	1,689,860	-	1,689,860	-	-
Deferred amounts related to pensions	7,032,882	-	7,032,882	-	-
<b>Total deferred outflows</b>	<b>8,722,742</b>	<b>-</b>	<b>8,722,742</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	1,595,663	862,031	2,457,694	5,800	10,000
Accrued payroll liabilities	1,356,571	82,031	1,438,602	-	-
Other accrued liabilities	-	-	-	7,053	61
Unearned revenue	-	208	208	1,875,000	-
Accrued interest payable	115,328	797,442	912,770	-	-
Escrow deposits	242,204	1,287,127	1,529,331	-	-
Claims liabilities	1,075,059	-	1,075,059	-	-
Long-term liabilities, due within one year:					
Accrued compensated absences payable	563,382	3,418	566,800	-	-
Leases payable	49,086	-	49,086	-	-
Notes payable	676,034	5,434,358	6,110,392	3,726	-
Mortgages and bonds payable	-	-	-	-	3,761,660
Long-term liabilities, due in more than one year:					
Accrued compensated absences payable	5,070,439	30,769	5,101,208	-	-
Notes payable	7,344,177	74,397,935	81,742,112	2,300	-
Mortgages and bonds payable	-	-	-	-	162,856,638
Grants payable	-	31,817,285	31,817,285	-	-
Unearned revenue, noncurrent portion	-	-	-	47,812,517	-
Total OPEB liability	7,313,688	-	7,313,688	-	-
Net pension liability	22,641,370	-	22,641,370	-	-
<b>Total liabilities</b>	<b>48,043,001</b>	<b>114,712,604</b>	<b>162,755,605</b>	<b>49,706,396</b>	<b>166,628,359</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts related to OPEB	923,710	-	923,710	-	-
Deferred amounts related to pensions	1,797,905	-	1,797,905	-	-
<b>Total deferred inflows</b>	<b>2,721,615</b>	<b>-</b>	<b>2,721,615</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	61,987,885	35,816,025	97,803,910	31,310,092	-
Restricted	15,290,651	516,817	15,807,468	-	-
Unrestricted (deficit)	(16,364,819)	133,056,954	116,692,135	(32,484,221)	7,518,569
<b>Total net position</b>	<b>\$ 60,913,717</b>	<b>\$ 169,389,796</b>	<b>\$ 230,303,513</b>	<b>\$ (1,174,129)</b>	<b>\$ 7,518,569</b>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Muskogee Medical Center Authority	Muskogee Industrial Trust
<b>Primary government</b>									
<b>Governmental activities:</b>									
General government:									
City Clerk	\$ 690,252	\$ -	\$ -	\$ -	\$ (690,252)	\$ -	\$ (690,252)	\$ -	\$ -
City Manager	1,386,299	-	-	-	(1,386,299)	-	(1,386,299)	-	-
City Treasurer	371,143	-	-	-	(371,143)	-	(371,143)	-	-
Engineering and Planning	809,058	-	18,000	300,000	(491,058)	-	(491,058)	-	-
Financial Management	2,365,682	-	-	-	(2,365,682)	-	(2,365,682)	-	-
General Government	5,238,514	542,509	2,063,473	-	(2,632,532)	-	(2,632,532)	-	-
Total general government	10,860,948	542,509	2,081,473	300,000	(7,936,966)	-	(7,936,966)	-	-
Public safety and judiciary:									
Animal Control	-	7,205	19,831	-	27,036	-	27,036	-	-
City Attorney	627,000	-	-	-	(627,000)	-	(627,000)	-	-
Code Enforcement	597,363	-	-	-	(597,363)	-	(597,363)	-	-
Fire	12,018,879	-	2,200	-	(12,016,679)	-	(12,016,679)	-	-
Police	10,349,090	967,027	2,576,264	120,062	(6,685,737)	-	(6,685,737)	-	-
Environmental Control	642,474	-	-	-	(642,474)	-	(642,474)	-	-
Total public safety and judiciary	24,234,806	974,232	2,598,295	120,062	(20,542,217)	-	(20,542,217)	-	-
Transportation:									
Streets	3,131,460	-	1,200	1,220,940	(1,909,320)	-	(1,909,320)	-	-
Total transportation	3,131,460	-	1,200	1,220,940	(1,909,320)	-	(1,909,320)	-	-
Culture, parks and recreation:									
Cemetery	354,435	180,650	25,928	-	(147,857)	-	(147,857)	-	-
Library	81,891	-	-	-	(81,891)	-	(81,891)	-	-
Parks	3,708,284	79,005	439,753	-	(3,189,526)	-	(3,189,526)	-	-
Convention and Tourism	18,094	-	-	-	(18,094)	-	(18,094)	-	-
Total culture, parks and recreation	4,162,704	259,655	465,681	-	(3,437,368)	-	(3,437,368)	-	-
Economic Development	633,136	-	-	-	(633,136)	-	(633,136)	-	-
Interest on long-term Debt	444,902	-	-	-	(444,902)	-	(444,902)	-	-
<b>Total governmental activities</b>	<b>43,467,956</b>	<b>1,776,396</b>	<b>5,146,649</b>	<b>1,641,002</b>	<b>(34,903,909)</b>	<b>-</b>	<b>(34,903,909)</b>	<b>-</b>	<b>-</b>
<b>Business-type activities</b>									
Water and Sewer	10,902,744	15,323,047	-	-	-	4,420,303	4,420,303	-	-
Solid Waste	2,375,956	3,165,060	-	-	-	789,104	789,104	-	-
Airport	406,488	250,185	-	30,000	-	(126,303)	(126,303)	-	-
Stormwater Management	197,133	1,373,354	-	-	-	1,176,221	1,176,221	-	-
Parking	99,635	46,114	-	-	-	(53,521)	(53,521)	-	-
Civic Center and Tourism Authority	965,841	79,600	-	21,211	-	(865,030)	(865,030)	-	-
Hatbox Sports Complex	1,157,630	666,312	-	-	-	(491,318)	(491,318)	-	-
Swim & Fitness Center	576,039	382,768	-	-	-	(193,271)	(193,271)	-	-
War Memorial Park	41,156	24,294	-	-	-	(16,862)	(16,862)	-	-
Community Development	11,580,945	33,978,403	-	-	-	22,397,458	22,397,458	-	-
Total business-type activities	28,303,567	55,289,137	-	51,211	-	27,036,781	27,036,781	-	-
Total primary government	\$ 71,771,523	\$ 57,065,533	\$ 5,146,649	\$ 1,692,213	(34,903,909)	27,036,781	(7,867,128)	-	-
<b>Component units</b>									
Health and welfare	2,020,833	2,208,240	-	-	-	-	-	187,407	-
Economic development	2,376,761	1,423,685	-	-	-	-	-	-	(953,076)
Total component units	\$ 4,397,594	\$ 3,631,925	\$ -	\$ -	-	-	-	\$ 187,407	\$ (953,076)
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					29,560,247	-	29,560,247	-	-
Cigarette/tobacco tax					250,654	-	250,654	-	-
Franchise taxes					2,509,565	-	2,509,565	-	-
Property taxes					683,231	-	683,231	-	-
Gasoline excise tax					74,780	-	74,780	-	-
Commercial vehicle taxes					254,893	-	254,893	-	-
Beverage taxes					254,072	-	254,072	-	-
Hotel/motel taxes					1,080,708	-	1,080,708	-	-
Intergovernmental programs					8,539	-	8,539	-	-
Investment income					329,339	129,960	459,299	70,803	13,951
Income on equity investee					-	-	-	110,499	-
Miscellaneous					547,982	1,137,982	1,685,964	1,200,000	-
Transfers - Internal activity					10,572,759	(10,572,759)	-	-	-
Total general revenues and transfers					46,126,749	(9,304,817)	36,821,932	1,381,302	13,951
Change in net position					11,222,840	17,731,964	28,954,804	1,568,709	(939,125)
Net position - beginning restated					49,690,877	151,657,832	201,348,709	(2,742,838)	8,457,694
Net position - ending					\$ 60,913,717	\$ 169,389,796	\$ 230,303,513	\$ (1,174,129)	\$ 7,518,569

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General Fund</b>	<b>Urban Renewal Authority</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,259,468	\$ 69,790	\$ 20,181,364	\$ 34,510,622
Accounts receivable, net	3,527,752	-	3,951	3,531,703
Taxes receivable	2,787,104	68,560	1,635,386	4,491,050
Due from other funds	973,275	-	-	973,275
Due from internal service funds	469,000	-	-	469,000
Due from other governments	6,250	-	152,954	159,204
Restricted assets:				
Bond fund/cash & investments	-	484,188	-	484,188
Total assets	<u>\$ 22,022,849</u>	<u>\$ 622,538</u>	<u>\$ 21,973,655</u>	<u>\$ 44,619,042</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 4,050,451	\$ -	\$ 282,355	\$ 4,332,806
Accrued payroll liabilities	1,162,845	-	193,726	1,356,571
Accrued interest payable	-	115,328	-	115,328
Escrow deposits	242,204			242,204
Due to other funds	2,416	5,500,000	3,696,045	9,198,461
Total liabilities	<u>5,457,916</u>	<u>5,615,328</u>	<u>4,172,126</u>	<u>15,245,370</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	<u>223,676</u>	<u>-</u>	<u>37,281</u>	<u>260,957</u>
Fund balances:				
Restricted	246,873	-	15,043,778	15,290,651
Committed	6,309,348	-	-	6,309,348
Assigned	3,673,028	-	6,320,337	9,993,365
Unassigned (deficit)	6,112,008	(4,992,790)	(3,599,867)	(2,480,649)
Total fund balances	<u>16,341,257</u>	<u>(4,992,790)</u>	<u>17,764,248</u>	<u>29,112,715</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,022,849</u>	<u>\$ 622,538</u>	<u>\$ 21,973,655</u>	<u>\$ 44,619,042</u>

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2021**

**Fund Balance - Net Position Reconciliation:** \$ 29,112,715

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$59,911,665 70,057,182

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position, net of amount allocated to business-type activities. (860,088)

Other long-term assets and deferred outflows are not available to pay for current period expenditures and therefore are deferred or not reported in the funds:

Pension related deferred outflows of resources	7,032,882
Unearned revenue	260,957
OPEB related deferred outflows of resources	1,689,860
	8,983,699

Certain long-term liabilities are not due and payable from current financial resources and they, along with certain deferred inflows, are not reported in the funds:

Notes payable	(8,020,211)
Capital lease obligation	(49,086)
Net pension liability	(22,641,370)
OPEB related deferred inflows of resources	(923,710)
Pension related deferred inflows of resources	(1,797,905)
Total OPEB liability	(7,313,688)
Accrued compensated absences	(5,633,821)
	(46,379,791)

Net Position of Governmental Activities in the Statement of Net Position \$ 60,913,717

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Urban Renewal Authority</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 18,656,713	\$ 686,698	\$ 12,777,873	\$ 32,121,284
Franchise fees	2,509,565	-	-	2,509,565
Intergovernmental programs	4,904,599	-	624,280	5,528,879
Fines and forfeitures	588,712	-	154,639	743,351
Donations	288,400	-	23,601	312,001
Admissions and concessions	49,061	-	7,696	56,757
Licenses and permits	312,466	-	7,205	319,671
Interest	228,552	22	82,802	311,376
Rental receipts	260,162	-	-	260,162
Cemetery collections	180,650	-	-	180,650
Miscellaneous revenue	530,144	-	276,703	806,847
Sale of property	42,536	-	53,138	95,674
Total revenues	<u>28,551,560</u>	<u>686,720</u>	<u>14,007,937</u>	<u>43,246,217</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,518,519	-	877,423	8,395,942
Public safety and judiciary	16,684,510	-	2,863,225	19,547,735
Streets	1,368,370	-	578,045	1,946,415
Cultural and recreational	2,567,767	-	570,896	3,138,663
Utilities	5,467,049	-	351,058	5,818,107
Economic development	998,967	400	130,464	1,129,831
Other public services	810,652	-	3,454	814,106
Capital Outlay	3,682,962	-	7,658,738	11,341,700
Debt Service:				
Principal	83,774	350,000	249,768	683,542
Interest	74,032	344,093	26,777	444,902
Total expenditures	<u>39,256,602</u>	<u>694,493</u>	<u>13,309,848</u>	<u>53,260,943</u>
Excess (deficiency) of revenues over expenditures	<u>(10,705,042)</u>	<u>(7,773)</u>	<u>698,089</u>	<u>(10,014,726)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	16,434,242	-	8,931,522	25,365,764
Transfers out	(3,738,551)	-	(4,469,836)	(8,208,387)
Proceeds from long-term debt	-	-	143,333	143,333
Total other financing sources (uses)	<u>12,695,691</u>	<u>-</u>	<u>4,605,019</u>	<u>17,300,710</u>
Net change in fund balances	1,990,649	(7,773)	5,303,108	7,285,984
Fund balances - beginning, restated	14,350,608	(4,985,017)	12,461,140	21,826,731
Fund balances - ending	<u>\$ 16,341,257</u>	<u>\$ (4,992,790)</u>	<u>\$ 17,764,248</u>	<u>\$ 29,112,715</u>

See accompanying notes to the basic financial statements.

**City of Muskogee**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

**Changes in Fund Balance - Changes in Net Position Reconciliation:** \$ 7,285,984

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	10,033,632
Depreciation expense	(3,379,630)
	6,654,002

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	260,957
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payment on notes payables	683,542
Proceeds of long-term debt	(143,333)
	540,209

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in pension liability and related deferrals	(2,261,272)
Change in total OPEB liability and related deferrals	(439,040)
Change in accrued compensated absences	(150,952)
	(2,851,264)

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities, net of amount allocated to business-type activities

(667,048)

Change in net position of governmental activities	\$ 11,222,840
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See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Enterprise Funds					
	Muskogee Municipal Authority	Muskogee Solid Waste	City of Muskogee Foundation, Inc.	Other Enterprise Funds	Totals	Internal Service Fund
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,433,895	\$ -	5,819,341	\$ 7,085,480	\$ 14,338,716	\$ 562,973
Restricted cash and cash equivalents	6,294,629	-	-	-	6,294,629	-
Investments	1,601	-	149,747,627	-	149,749,228	-
Accounts receivable, net	1,835,828	342,789	-	168,463	2,347,080	100
Interest receivable	-	-	206,717	-	206,717	-
Judgments receivable	515,124	-	-	-	515,124	-
Other receivable	70	-	-	2,793	2,863	-
Due from other funds	-	-	9,171,646	-	9,171,646	-
Inventory	342,905	-	-	31,743	374,648	-
Prepaid expenses	-	-	-	1,015	1,015	63,938
Notes receivable	-	-	-	400,000	400,000	-
Total current assets	10,424,052	342,789	164,945,331	7,689,494	183,401,666	627,011
Noncurrent assets:						
Notes receivable	-	-	-	1,200,000	1,200,000	-
Capital Assets:						
Land and other non-depreciable assets	6,746,478	-	-	1,750,502	8,496,980	-
Other capital assets, net of depreciation	76,056,992	-	-	16,171,597	92,228,589	-
Total noncurrent assets	82,803,470	-	-	19,122,099	101,925,569	-
Total assets	93,227,522	342,789	164,945,331	26,811,593	285,327,235	627,011
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	190,056	-	46,583	625,392	862,031	221,415
Accrued payroll liabilities	-	-	-	82,031	82,031	-
Due to other funds	905,928	-	-	40,532	946,460	469,000
Accrued interest payable	516,817	-	249,095	31,530	797,442	-
Security deposits	1,287,127	-	-	-	1,287,127	-
Unearned revenue	-	-	-	208	208	-
Current portion of:						
Claims and Judgments	-	-	-	-	-	429,184
Notes payable	3,844,958	-	1,151,000	438,400	5,434,358	-
Accrued compensated absences	-	-	-	3,418	3,418	-
Total current liabilities	6,744,886	-	1,446,678	1,221,511	9,413,075	1,119,599
Non-current liabilities:						
Claims and Judgments	-	-	-	-	-	645,875
Notes payable	67,083,909	-	5,931,626	1,382,400	74,397,935	-
Grants payable	-	-	31,817,285	-	31,817,285	-
Accrued compensated absences	-	-	-	30,769	30,769	-
Total non-current liabilities	67,083,909	-	37,748,911	1,413,169	106,245,989	645,875
Total liabilities	73,828,795	-	39,195,589	2,634,680	115,659,064	1,765,474
<b>NET POSITION</b>						
Net investment in capital assets	17,314,726	-	-	18,501,299	35,816,025	-
Restricted for debt service	516,817	-	-	-	516,817	-
Unrestricted (deficit)	1,567,184	342,789	125,749,742	5,675,614	133,335,329	(1,138,463)
Total net position	\$ 19,398,727	\$ 342,789	\$ 125,749,742	\$ 24,176,913	\$ 169,668,171	\$ (1,138,463)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

(278,375)

Net Position of Business-type Activities

\$ 169,389,796

See accompanying notes to the basic financial statements.



**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Enterprise Funds					
	Muskogee Municipal Authority	Muskogee Solid Waste	City of Muskogee Foundation, Inc.	Other Enterprise Funds	Totals	Internal Service Fund
<b>REVENUES</b>						
Water revenue	\$ 10,545,664	\$ -	\$ -	\$ -	\$ 10,545,664	\$ -
Sewer revenue	4,489,563	-	-	-	4,489,563	-
Solid waste revenue	-	3,086,788	-	-	3,086,788	-
Stormwater revenue	-	-	-	1,373,354	1,373,354	-
Penalty revenue	287,820	76,752	-	-	364,572	-
Parking fees	-	-	-	148,602	148,602	-
Rental receipts	-	-	-	308,700	308,700	-
Admissions and concessions	-	-	-	560,082	560,082	-
Miscellaneous revenue	809,671	1,520	-	189,310	1,000,501	-
Activity fees	-	-	-	407,038	407,038	-
Operating investment income	-	-	33,978,403	-	33,978,403	-
Intergovernmental programs	-	-	-	30,000	30,000	5,073,609
Total operating revenues	<u>16,132,718</u>	<u>3,165,060</u>	<u>33,978,403</u>	<u>3,017,086</u>	<u>56,293,267</u>	<u>5,073,609</u>
<b>OPERATING EXPENSES</b>						
Cultural and recreational	-	-	-	2,016,253	2,016,253	-
Parking	-	-	-	871	871	-
Stormwater	359,609	-	-	388,064	747,673	-
Transportation	-	-	-	195,607	195,607	-
Water service	750,731	-	-	-	750,731	-
Community development	-	-	11,308,608	-	11,308,608	-
Insurance expense	-	-	-	-	-	6,477,998
Depreciation expense	3,024,701	-	-	943,060	3,967,761	-
Total operating expenses	<u>4,135,041</u>	<u>-</u>	<u>11,308,608</u>	<u>3,543,855</u>	<u>18,987,504</u>	<u>6,477,998</u>
Operating income (loss)	<u>11,997,677</u>	<u>3,165,060</u>	<u>22,669,795</u>	<u>(526,769)</u>	<u>37,305,763</u>	<u>(1,404,389)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	20,752	2,178	-	107,034	129,964	17,963
Miscellaneous income	-	-	-	-	-	5,891
Interest expense	(1,643,505)	-	(272,337)	(71,569)	(1,987,411)	-
Donations	-	-	-	56,152	56,152	-
Loan administration fees	(282,851)	-	-	-	(282,851)	-
Total non-operating revenue (expenses)	<u>(1,905,604)</u>	<u>2,178</u>	<u>(272,337)</u>	<u>91,617</u>	<u>(2,084,146)</u>	<u>23,854</u>
Income (loss) before contributions and transfers	10,092,073	3,167,238	22,397,458	(435,152)	35,221,617	(1,380,535)
Capital contributions	100,000	-	-	281,211	381,211	-
Transfers in	4,527,168	-	277,125	2,025,331	6,829,624	435,112
Transfers out	(16,850,511)	(3,201,314)	(3,183,659)	(1,186,629)	(24,422,113)	-
Change in net position	(2,131,270)	(34,076)	19,490,924	684,761	18,010,339	(945,423)
Total net position - beginning restated	21,529,997	376,865	106,258,818	23,492,152	151,657,832	(193,040)
Total net position - ending	<u>\$ 19,398,727</u>	<u>\$ 342,789</u>	<u>\$ 125,749,742</u>	<u>\$ 24,176,913</u>	<u>\$ 169,668,171</u>	<u>\$ (1,138,463)</u>
Change in Net Position, Enterprise Funds					18,010,339	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(278,375)	
Change in Net Position of Business-type Activities					<u>\$ 17,731,964</u>	

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Muskogee Municipal Authority	Muskogee Solid Waste	City of Muskogee Foundation, Inc.	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers, service users, and investments	\$ 16,163,498	\$ 3,289,842	\$ 37,313,951	\$ 3,282,227	\$ 60,049,518	\$ 5,079,500
Payments to suppliers	(1,652,772)	-	(6,678,402)	(1,336,822)	(9,667,996)	(6,463,691)
Payments to employees	-	(90,706)	-	(1,029,501)	(1,120,207)	-
Interfund receipts/payments	(384,426)	-	-	(3,018)	(387,444)	169,000
<b>Net cash provided by (used in) operating activities</b>	<u>14,126,300</u>	<u>3,199,136</u>	<u>30,635,549</u>	<u>912,886</u>	<u>48,873,871</u>	<u>(1,215,191)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	4,527,168	-	277,125	2,025,331	6,829,624	435,112
Transfers to other funds	(16,850,511)	(3,201,314)	(3,183,659)	(1,186,629)	(24,422,113)	-
<b>Net cash (used in) noncapital financing activities</b>	<u>(12,323,343)</u>	<u>(3,201,314)</u>	<u>(2,906,534)</u>	<u>838,702</u>	<u>(17,592,489)</u>	<u>435,112</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchases of capital assets	(9,862,990)	-	-	(1,719,067)	(11,582,057)	-
Proceeds from issuance of capital debt	17,880,758	-	-	1,344,429	19,225,187	-
Other sources	-	-	-	400,000	400,000	-
Principal paid on capital debt	(5,813,593)	-	(1,151,000)	(400,000)	(7,364,593)	-
Interest and fiscal agent fees paid on capital debt	(1,868,448)	-	(409,471)	-	(2,277,919)	-
Loan administration fees paid on capital debt	-	-	-	(40,039)	(40,039)	-
<b>Net cash (used in) capital and related financing activities</b>	<u>335,727</u>	<u>-</u>	<u>(1,560,471)</u>	<u>(414,677)</u>	<u>(1,639,421)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale (Purchase) of investments	-	-	(24,653,983)	-	(24,653,983)	-
Interest and dividends	20,752	2,178	-	107,059	129,989	17,963
<b>Net cash provided by (used in) investing activities</b>	<u>20,752</u>	<u>2,178</u>	<u>(24,653,983)</u>	<u>107,059</u>	<u>(24,523,994)</u>	<u>17,963</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,159,436	-	1,514,561	1,443,970	5,117,967	(762,116)
<b>Balances - beginning of year</b>	<u>5,569,088</u>	<u>-</u>	<u>4,304,780</u>	<u>5,641,510</u>	<u>15,515,378</u>	<u>1,325,089</u>
<b>Balances - end of year</b>	<u>\$ 7,728,524</u>	<u>\$ -</u>	<u>\$ 5,819,341</u>	<u>\$ 7,085,480</u>	<u>\$ 20,633,345</u>	<u>\$ 562,973</u>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 1,433,895	\$ -	\$ 5,819,341	\$ 7,085,480	\$ 14,338,716	\$ 562,973
Restricted cash and cash equivalents - current	6,294,629	-	-	-	6,294,629	-
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 7,728,524</u>	<u>\$ -</u>	<u>\$ 5,819,341</u>	<u>\$ 7,085,480</u>	<u>\$ 20,633,345</u>	<u>\$ 562,973</u>

(Continued)

See accompanying notes to the financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

(Continued)

	<b>Muskogee Municipal Authority</b>	<b>Muskogee Solid Waste</b>	<b>City of Muskogee Foundation, Inc.</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 11,997,677	3,165,060	22,669,795	\$ (526,769)	\$ 37,305,763	\$ (1,404,389)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,024,701	-	-	942,468	3,967,169	-
Non-cash capital assets expensed	337,471	-	-	(15,197)	322,274	-
Miscellaneous income	-	-	-	56,152	56,152	5,891
Change in assets and liabilities:						
Due from other funds	-	-	-	(3,018)	(3,018)	169,000
Accounts receivable	133,287	124,782	-	16,715	274,784	-
Accrued interest receivable	-	-	151,889	-	151,889	-
Judgments receivables	(102,881)	-	-	-	(102,881)	-
Other receivables	374	-	-	204,807	205,181	-
Due from Government Grant	-	-	-	-	-	-
Inventory	87,915	-	-	2,846	90,761	-
Accounts payable	(934,590)	-	12,123	257,471	(664,996)	(1,060,752)
Accrued payroll payable	-	-	-	260	260	-
Grants payable	-	-	7,801,742	-	7,801,742	-
Due to other funds	(472,341)	-	-	-	(472,341)	-
Unearned revenue	-	-	-	(12,533)	(12,533)	-
Claims liability	-	-	-	-	-	1,075,059
Security deposits	54,687	-	-	-	54,687	-
Accrued compensated absences	-	(90,706)	-	(10,316)	(101,022)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 14,126,300</b>	<b>\$ 3,199,136</b>	<b>\$ 30,635,549</b>	<b>\$ 912,886</b>	<b>\$ 48,873,871</b>	<b>\$ (1,215,191)</b>
<b>Noncash activities:</b>						
Notes receivable/capital contribution revenue	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ -

See accompanying notes to the basic financial statements.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Muskogee, Oklahoma (the City) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

### **1.A. FINANCIAL REPORTING ENTITY**

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Muskogee
Component Units:	Muskogee Municipal Authority
	Muskogee Parking Authority
	Muskogee War Memorial Park Authority

The City of Muskogee, Oklahoma is organized under the statutes of the State of Oklahoma and was incorporated in 1898. The City currently operates under a charter ratified at a special election held December 7, 1971. The charter was approved by the Governor on February 18, 1972 and went into effect upon approval in accordance with article XVIII, three, of the Oklahoma Constitution. The City operates under a Mayor-Council-Manager form of government and is governed by an eight-member council and a ninth voting member who is the elected mayor. The City provides the following services as authorized by its charter: general government, public safety (fire and police), streets, public works (water, sewer, and refuse), judicial, health and social services, culture, parks and recreation, public improvements, planning and zoning.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

### **BLENDED COMPONENT UNITS/TRUSTS**

The Muskogee Municipal Authority (MMA) was created pursuant to a Trust Indenture, for the benefit of the City of Muskogee, Oklahoma. MMA was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water and sanitary sewer facilities for the City of Muskogee. The water, sanitary sewer, and solid waste disposal systems owned by the City have been leased to MMA until such date that all indebtedness of the Authority is retired or provided for. MMA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of eight council members and a mayor identical with the City Council. MMA is exempt from State and Federal Income taxes. MMA is reported as an enterprise fund.

The Muskogee Parking Authority (MPA) was created pursuant to a Trust Indenture, for the benefit of the City of Muskogee, Oklahoma. MPA was established to plan, develop, construct, enlarge, remodel, improve, make alterations, extend, maintain, equip, operate and furnish parking facilities for the City of Muskogee. MPA is a public trust and an agency of the State of Oklahoma, under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of eight council members and a mayor identical with the City Council. MPA is exempt from State and Federal Income taxes. MPA is reported as an enterprise fund.

The Muskogee War Memorial Park Authority (MWMPA) was created pursuant to a Trust Indenture date April 9, 1973 and subsequently amended December 6, 1990, for the benefit of the City of Muskogee, Oklahoma. MWMPA was created to operate a military theme museum and memorial park in Muskogee, Oklahoma. The MWMPA maintains a World War II vintage submarine, the USS Batfish, along with other historical military artifacts. Ownership of the USS Batfish ultimately vests with the U.S. Department of Navy. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees appointed by the City Council. MWMPA is exempt from State and Federal Income taxes. MWMPA is reported as an enterprise fund.

The City of Muskogee Foundation was created as a 501-c-3, not-for-profit organization pursuant to a certificate of incorporation dated June 24, 2008. The Foundation is a blended component unit of the City because the City is the sole member and the council appoints the board. Additionally, the foundation is fiscally dependent on the City since the council has to the power to approve their budget and authorize certain borrowing. It was established as a result of the long-term lease of Muskogee Regional Medical Center (MRMC) operations. The Foundation is charged with the management of the funds on behalf of the City of Muskogee. The Foundation is reported as a major enterprise fund.

The Muskogee Tourism Authority (MTA) was created as a trust indenture on March 26, 2018 for the purpose of preserving and enhancing the historic Roxy Theater located in Muskogee, Oklahoma. The said Trustees agreed to have and to hold the Facility and the proceeds, rents, profits and increases in trust for the benefit of current and future generations of the residents of the City of Muskogee, Oklahoma, referred to collectively as the Beneficiary of the Trust. The Muskogee Tourism Authority is reported as a non-major enterprise fund.

The Muskogee Redevelopment Authority (MRA) was created as a trust indenture dated April 25<sup>th</sup>, 1983, for the benefit of the City of Muskogee, Oklahoma. MRA is a public trust and an agency of the State of Oklahoma, under Title 60, Oklahoma Statutes 1981, Section 176 to 180.4, and is governed by the mayor and members of the governing board of the beneficiary. MRA was establish to make the most efficient use of all economic resources and powers to stimulate economic growth and development. The Muskogee Redevelopment Authority is reported as a Non-major Governmental Fund.

#### DISCRETELY PRESENTED COMPONENT UNITS/TRUSTS

The Muskogee Medical Center Authority (MMCA) was created as a public trust pursuant to a Trust Indenture in 1966. The City is the beneficiary of the public trust. The Authority provides health care services to the Muskogee community and surrounding region. The Authority's Board of Trustees is appointed by the Muskogee City Council and the City can impose its will because debt issuances require a 2/3 approval of the City Council. It does not meet the blending requirements and is therefore, discretely presented. The MMCA has a September 30 fiscal year end and the financial reports are presented as of September 30, 2020.

The Muskogee Industrial Trust (MIT) was created as a public trust pursuant to a Trust Indenture on February 26, 1962. The City is the beneficiary of the public trust and assists the City in securing or developing industry within or near the City. The MIT's board is appointed by the City Council and the City can impose its will because debt issuances require a 2/3 approval of the City Council. It does not meet the blending requirements and is therefore, discretely presented. The MIT has a September 30 fiscal year end and the financial reports are presented as of September 30, 2020.

#### **1.B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting** – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** – are used to account for the government’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales and use taxes, gasoline excise taxes, cigarette taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City’s major governmental funds:

General Fund – is the main operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund. The General fund also includes Community Clean Up, Solid Waste, Special Projects, Park Development, Job Incentives, Community Development, Spaulding Park, and Escrow accounts.

Urban Renewal Authority – accounts for sales and property taxes restricted for urban renewal.

Other governmental funds of the City that are considered non-major funds include:

Special Revenue Funds – account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the City's Special Revenue Funds: Hulquist Library, Police Capital Outlay, Fire Capital Outlay, Non-Uniform Capital Outlay, Muskogee Redevelopment Authority, Street and Alley, Sales Tax Capital Outlay, Home Grants, Emergency Management Grants, Police Equipment Grants, Drug Forfeiture Revenue, Drug Forfeiture Federal, City-County 911, CDBG Grants, Sales Tax Non-Uniform Benefit, Sales Tax Police Benefit, Sales Tax Fire Benefit, Animal Control, Animal Control Adoption Fees, Weed and Seed Program, Youth Alcohol Prevention, Youth Fines, DEQ Elysion Project, State Fairgrounds, Convention and Tourism, and Employee Benefits Health-Sales Tax.

Capital Projects Fund – which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments. Capital Project Funds of the City include the Local Law Enforcement Block Grant, 2009 Sewer Rehabilitation, 2009 Capital Improvement, 75 Limited Access B, Chandler Road Detention, Sales Tax Economic Development, Water/Sewer Improvement, 2014 Sewer Rehabilitation, 2014 Capital Improvements, 2019 Capital Improvement, Streets Improvements, Street Maintenance Installation, Repair and Replacement, and Cemetery Perpetual Care.

Debt Service Fund – accounts for and report financial resources that are restricted, committed, or assigned to principal and interest payments. At balance sheet date there is only judgment indebtedness outstanding. Debt Service Funds of the City include the G.O. Sinking Fund, and the Police Vehicle Fines/Forfeitures.

**Proprietary Funds** – include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Currently, the city does not have any internal service funds.

**Enterprise Funds** – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The following are the City's major enterprise funds:

Muskogee Municipal Authority – accounts for the revenue from water and sanitary sewer operations.

Solid Waste – accounts for the revenue from solid waste operations.

City of Muskogee Foundation, Inc – accounts for investments held to assist the City of Muskogee in developing, supporting, promoting and improving programs related to education, arts, culture, community revitalization and beautification, social services, health care, economic development, infrastructure housing and recreation.

Other enterprise funds of the City that are considered non-major funds include:

Stormwater – accounts for the revenue from stormwater operations.

Civic Center & Concessions – accounts for the operations of the Civic Center and concessions.

Muskogee Parking Authority – accounts for the operations of parking meters and lots.

Airport – accounts for the airport rental operation.

Muskogee Tourism Authority – accounts for the operations of the Muskogee Tourism Authority.

Hatbox – accounts for the operations of the Hatbox.

Swim & Fitness – accounts for the operations of the Swim and Fitness Center.

Hatbox Field – accounts for the operations of the Hatbox parking.

Hatbox Sports Complex – accounts for the operations of the Hatbox sports complex.

Muskogee War Memorial Park Authority – accounts for the operations of the U.S.S. Batfish.

## **1.C. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND EQUITY**

### **Deposits and Investments**

Oklahoma Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments. Investments are stated at cost.

### **Restricted Cash and Investments**

The restricted bond fund cash and investments are the result of financial requirements of bond issues and consist of funds held at the Bank of Oklahoma Trust in Escrow, Debt Service, Reserve and Construction Accounts. Under the terms and provisions of the Bond Indenture, these special accounts and reserve funds are maintained with the Trustee bank for the benefit of the holders of the bonds and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any bonds are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture.

### **Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

### **Inventories**

Inventories in governmental funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds consist primarily of water meters, other materials held for subsequent use and concession supplies. Inventory is valued at cost, principally on a first-in, first-out basis, but not in excess of market.



## Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 for the governmental and proprietary funds.

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	25 - 40 years	25 - 40 years
Building improvements	10 - 25 years	10 - 25 years
Machinery and equipment	3 - 20 years	3 - 20 years
Infrastructure - parks/cemetery	10 years	10 years
Infrastructure - water/sewer	10 - 40 years	10 - 40 years
Infrastructure - streets	15 - 25 years	15 - 25 years

## Compensated Absences

It is the City's policy to permit full-time, permanent employees to accumulate earned but unused vacation time after one year of service. Sick leave is earned by full-time, permanent employees upon hire. Salaried employees are awarded compensatory time for work performed in excess of forty hours per week. All City employees are entitled to payment for accrued vacation benefits upon termination with no specified maximums. Uniformed employees are entitled to payment for accrued sick leave upon termination after twenty years of services regardless of age, while non-uniformed employees vest sick leave at ten years of service and at reaching age fifty-five.

Vacation and compensatory time is recorded when incurred and sick leave is recorded when vested. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit. The liability is computed based on pay rates in effect as of June 30, 2021.

## Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases

(expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

### **Net Position/Fund Balance**

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered nonspendable (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as restricted, committed, assigned or unassigned, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

**Committed** fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

**Assigned** fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

## **Resource Use Policy**

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

The city is planning to provide resources to cover the negative cash balance in the subsequent fiscal year for the unemployment insurance fund and workers comp fund. However, the city does not intend to fund the claims liability except as they come due.

## **1.D. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

### *Government-Wide Financial Statements:*

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds are not eliminated in the statement of activities.

### *Fund Financial Statements:*

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

## **1.E. REVENUES, EXPENDITURES AND EXPENSES**

### Sales Tax

The City presently levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission.

Sales tax resulting from sales occurring prior to year-end and received by the City after year-end have been accrued and are included under the caption *Taxes Receivable* because they represent taxes on sales occurring during the reporting period.

### Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of judgments.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2021, the City's net assessed valuation of taxable property was \$272,605,868. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2021, was \$1.65.

### Expenditures/Expenses

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity.

## **1.F. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **1.G. STABILIZATION RESERVE FUND**

The City Council adopted an ordinance which established requirements for a stabilization reserve. This ordinance requires that the General Fund set aside a certain amount each year which will be committed for the purpose of stabilization.

The ordinance also established a minimum and maximum amount that must be set aside for this purpose.

On November 1 of each year, the treasurer shall report prior fiscal year revenues and expenses to the city manager. Any such revenues that remain in the general fund after expenses are paid shall be deemed excess revenue and shall be utilized and accounted for as follows:

- If the operating reserve account balance as of November 1 is less than \$1,000,000 for the current fiscal year, excess revenues will be placed in the operating reserve to meet the minimum balance.
- If the stabilization account balance as of November 1 is less than 20 percent of the budgeted general fund revenues for the current fiscal year, then 75 percent of excess revenues after operating reserve minimum is met, shall be placed in the stabilization account.
- If 75 percent of excess revenues exceeds the targeted 20 percent of budgeted general fund revenues for the current fiscal year, then just that amount to achieve the target may, by vote of the city council, be placed into the stabilization account. The remaining excess revenues or 25 percent of excess revenues, whichever is greater, shall be placed into the special project fund created by Resolution 2742, as may be amended from time to time.
- If the stabilization account is at or above 20 percent of the budgeted general fund revenues for the current fiscal year, then such amount of excess revenue necessary to increase the stabilization account by one percent shall be placed in the stabilization account, after operating reserve minimum is met. All other remaining excess revenue shall be placed into the special project fund created by Resolution 2742.
- If the stabilization account reaches 30 percent of the budgeted general fund revenues for the current fiscal year, then all excess revenue shall either be placed into the special project fund or allocated to such other necessary purposes as the city council may determine.

Stabilization account funds set aside in the city budget as "restricted reserve" may be expended only when certain specific circumstances exist. The circumstances requiring the expenditure of stabilization account funds are not expected to recur on a routine basis. The circumstances when it is necessary to appropriate or spend stabilization amounts are subject to the objective criteria outlining the parameters of acceptable uses of stabilization funds are as follows and must be declared by a two-thirds majority vote of all of the members of the governing body establishing that one or more of the criteria listed below exists:

- Expenditures for emergency situations as defined above for life, health, or public safety issues for which no existing appropriation exists;
- Situations where an expense or unexpected revenue decline or shortfall, in excess of a specified amount or percentage, arises that could not have reasonably been foreseen, and for which new revenue is not available to offset and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- Situations where amounts retained exceed established minimum levels and the proposed use is of a nonoperational nature involving capital or equipment purchases having a use full life of greater than five years;
- Situations where amounts retained exceed established minimum levels and the proposed use is of a nonrecurring nature, such as a study, for start-up costs of a program whose ongoing costs are otherwise funded, or to eliminate a significant financial liability of the city;
- To temporarily satisfy a judgment from a court of competent jurisdiction that will be reimbursed from property tax levies.

Minimum fund balance amounts may be expended only under specific limited circumstances. The circumstances when it is necessary to appropriate or spend "minimum fund balance" amounts, even in circumstances where the amounts on hand may fall shy of established minimum levels are set out below. The circumstances when it is necessary to appropriate or spend minimum fund balance amounts are subject to the objective criteria outlining the parameters of acceptable uses of the funds are as follows:

- Expenditures for emergency situations as defined above for life, health, or public safety issues for which no existing appropriation exists;

- Situations where an expense or unexpected revenue decline or shortfall, in excess of a specified amount or percentage, arises that could not have reasonably been foreseen, and for which new revenue is not available to offset and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;

As of June 30, 2021 the City had the following fund balance committed for stabilization:

	Amount Committed For <u>Stabilization</u>	Original Budgeted Operating <u>Revenue</u>	Stabilization as % of Budgeted <u>Revenue</u>
General fund	\$6,309,348	\$34,930,522	18.1%

## **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

### **2.A. DEPOSITS AND INVESTMENT LAWS AND REGULATIONS**

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., the City's uninsured deposits were sufficiently collateralized in accordance with these provisions for the year ended June 30, 2021.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- County, municipal, or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

## **2.B. DEBT RESTRICTIONS AND COVENANTS**

### General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2021, the City complied with this restriction.

### Other Long-Term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

## **2.C. FUND EQUITY / NET POSITION RESTRICTIONS**

### Restricted Net position

Restricted net position at the government-wide financial statements are required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3. I. for details of restricted net position.

## **NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, deferred outflows, liabilities, deferred inflows, equity, revenues and expenditures/expenses.

### **3. A. DEPOSIT AND INVESTMENT RISKS**

#### Primary Government:

The City of Muskogee, including its blended component units, held the following deposits and investments at June 30, 2021:

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

<b>Type</b>	<b>Maturities</b>	<b>Credit Rating</b>	<b>Carrying Value</b>
<b>Deposits:</b>			
Demand deposits		N/A	\$ 49,894,597
Cash on hand		N/A	13,590
			<u>\$ 49,908,187</u>
<b>Investments:</b>			
Cavanal Hill US Treasury-Admin 0002		AAAm <sup>(1)</sup>	\$ 208,974
Invesco Premium US Government Money Inst.		AAAm <sup>(1)</sup>	5,589,779
Federated Government Obligation Tax-Managed MM Fund		AAAm <sup>(1)</sup>	484,188
Meter deposit investments investments judgements			516,725
Equity Mutual Funds:			
Vanguard Institutional Index Inst			31,654,927
Vanguard Mid-Cap Index Trust			7,226,230
Vanguard Small-Cap Value Index Inst			19,746,211
Vanguard Tot Int'l Stk Indx Inst			14,270,330
Vanguard Value Index Inst			7,207,792
Vanguard Small-Cap Value ETF			6,310,631
Schwab Fnd Emerg Mkts LG			4,830,343
Schwab Fnd Intl LG Co Indx Inst			4,790,963
Fixed Income Mutual Funds:			
Pimco Moderate Duration Instl			18,779,907
Vanguard Short Term Bond Index Inst			21,587,724
Vanguard Total Bond Market Inst			13,342,569
			<u>156,547,293</u>
<b>Total deposits and investments</b>			<u><u>\$ 206,455,480</u></u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			49,412,311
Investments			150,264,352
Restricted assets: Bond fund/cash & investments			6,778,817
			<u><u>\$ 206,455,480</u></u>

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.



The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2021, the City was not exposed to custodial credit risk as defined above.

*Investment Credit Risk* – The City has no policy that limits its investment choices other than the limitation of state law applicable to municipalities. These investment limitations are described in Note 2.A. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The City had no investments with maturity dates.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

At June 30, 2021, the City had no concentration of credit risk as defined above.

*The City of Muskogee Foundation, Inc. (Foundation) Investment Policies and Disclosures*

Marketable Securities and Fair Value

Foundation investments are measured at fair value in the statement of financial position. Realized and unrealized gains and losses are reported in the statement of activities and changes in net position. There is a three-level hierarchy for the valuation of Foundation financial instruments:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Observable inputs other than Level I prices, such as quoted prices for similar asset or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation's marketable securities consist primarily of mutual funds and equities. A summary of the marketable securities as of June 30, 2021, is as follows:

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

	<u>Cost</u>	<u>Market Value</u>
Mutual Funds (Level I)		
Equity		
Vanguard Institutional Index Inst	\$ 6,643,027	31,654,927
Vanguard Mid-Cap Idex Trust	3,443,394	7,226,230
Vanguard Small-Cap Value Index Inst	10,362,689	19,746,211
Vanguar Tot Int'l Stk Indx Inst	12,099,129	14,270,330
Vanguard Value Index Inst	2,088,237	7,207,792
Vanguard Small-Cap Value ETF	1,709,260	6,310,631
Schwab Fnd Emerg Mkts LG	4,736,000	4,830,343
Schwab Fnd Intl LG Co Indx Inst	4,736,000	4,790,963
Fixed Income		
Pimco Moderate Duration Instl	18,617,882	18,779,907
Vanguard Short Term Bond Index Inst	21,034,113	21,587,724
Vanguard Total Bond Market Inst	12,353,832	13,342,569
Total Foundation Investments	<u>\$ 97,823,563</u>	<u>\$ 149,747,627</u>

### Foundation Investment Policies

The Foundation has investments that are overseen by investment managers which have been provided with the investment policy adopted by the board of directors and directed to follow that policy. Additionally, the Foundation maintains an investment committee that provides oversight with regard to the investments.

Growth and income is the Foundation's overall investment objective. The intent of the objective is to provide both current income and future growth to accommodate the Foundation's spending policy plus normal inflation, thereby preserving the constant dollar value and purchasing power of the Foundation for future generations.

Investment performance will be reviewed over a five-year time horizon or market cycle, using the most appropriate benchmarks for the types of investments held. The goal of each asset class is to achieve the total return of its benchmark while maintaining a risk level similar to, or less than, that of the benchmark. The total overall goal for the Foundation is to achieve a real rate of return after inflation that is equal to the spending rate identified in the spending policy.

The Board expects the Foundation's asset allocation policy to reflect and be consistent with the investment objectives and risk tolerance expressed throughout the investment policy. The following guidelines will be used by the Investment Committee in determining the allocation of the Foundation's assets:

Fixed income – The fixed income equity component, including cash and equivalents, shall normally constitute 30% to 50% of total fund assets. At June 30, 2021 the fixed income investments (including cash and cash equivalents) was 38% of the total portfolio.

Equities – The equity component of the portfolio shall normally constitute 50% to 70% of the total fund assets. At June 30, 2021, the equity investments was 62% of the total portfolio.

### **3. B. RESTRICTED ASSETS**

The amounts reported as restricted assets on the Proprietary Funds Statement of Net Position and the government-wide Statement of Net Position are comprised of cash and investments held by the trustee bank on behalf of the MMA public trust (Authority) and the city related to its required revenue bond accounts.

The restricted assets as of June 30, 2021 were as follows:

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	Restricted Assets Cash & Investments
Trustee Accounts:	
2008 OWRB Loan Checking	68,689
Construction Checking	242,145
OWRB Interm Debt Service	283
OWRB SRF Debt Service	184,759
2009 CWSRF OWRB Debt Service Fund	16,793
2008 Water Plant Debt Service Fund	1
2012B Sales Tax Construction Fund	202,051
2012B Sales Tax Note Fund	358,630
2013C Sales Tax Construction Fund	696,451
2016 Note Proceeds Fund	1
2016 Note Fund	653,408
2011 CWSRF OWRB Debt Service Fund	70,408
2013 CWSRF OwrB Debt Service Fund	121,773
2020 CIP ST Revenue Fund	119,820
2020 CIP ST Construction Fund	3,559,417
Total	<u><u>\$ 6,294,629</u></u>

**3. C. ACCOUNTS RECEIVABLE, COURT FINES RECEIVABLE AND PROPERTY TAX RECEIVABLE**

Accounts receivable of the governmental and business-type activities as reflected in the Statement of Net Position consist of the following categories. As applicable, the primary source(s) of the receivables net of any allowances for uncollectible accounts is depicted.

	Receivable balance	Less: allowance for uncollectible accounts	Net of allowance balance
<b>Governmental:</b>			
<u>Accounts receivable</u>			
Community Cleanup	\$ 978,007	\$ (848,919)	\$ 129,088
CDBG Grants	695,255	(695,255)	-
Other receivables	22,189	(855)	21,334
Court fines receivable	3,380,464	(2,958,558)	421,906
Sub-total Governmental	<u>5,075,915</u>	<u>(4,503,587)</u>	<u>572,328</u>
<b>Business-type Activities:</b>			
<u>Accounts receivable</u>			
Utilities receivable	3,843,421	(1,509,380)	2,334,041
Other receivables	13,109	-	13,109
	<u>3,856,530</u>	<u>(1,509,380)</u>	<u>2,347,150</u>
<b>TOTAL</b>	<u><u>8,932,445</u></u>	<u><u>(6,012,967)</u></u>	<u><u>2,919,478</u></u>

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### 3. D. NOTES RECEIVABLE

The City's notes receivable consist of \$800,000 due to the Muskogee Redevelopment Authority from the Oklahoma Music Hall of Fame. The City considers this note receivable to be uncollectible as of June 30, 2021 and the entire balance has been written off to an allowance for doubtful accounts.

The City also has a note receivable from the City of Muskogee Foundation to the Hatbox Field Fund in an original amount of \$2,000,000, dated November 1, 2019. The City has not received any payments and the balance at June 30, 2021 is \$1,600,000. It is payable over the next 4 years with \$400,000 payments each year. It will be used for capital improvements to the Hatbox Multi-purpose Livestock Show Arena Building and is being used as collateral for a note payable with Firststar Bank. See Note 3.F.

### 3. E. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Restated Balance at July 1, 2020	Additions	Transfers	Disposals	Balance at June 30, 2021
<b><i>Governmental activities:</i></b>					
Capital assets not being depreciated:					
Land	\$ 3,894,940	\$ -	\$ -	\$ -	\$ 3,894,940
Construction in progress	3,279,168	8,300,063	(2,108,429)	-	9,470,802
Total capital assets not being depreciated	7,174,108	8,300,063	(2,108,429)	-	13,365,742
Other capital assets:					
Buildings and improvements	26,356,639	22,076	-	-	26,378,715
Furniture, fixtures, and equipment	29,391,703	1,490,026	-	(284,709)	30,597,020
State fair assets	968,632	-	-	-	968,632
Infrastructure - parks	6,446,721	-	447,429	-	6,894,150
Infrastructure - water/sewer	25,492,001	-	-	-	25,492,001
Infrastructure - streets	27,572,156	-	1,661,000	-	29,233,156
Infrastructure - public services	38,165	-	-	-	38,165
Total other capital assets at historical cost	116,266,017	1,512,102	2,108,429	(284,709)	119,601,839
Less accumulated depreciation for:					
Buildings and improvements	(18,538,402)	(291,830)	-	-	(18,830,232)
Furniture, fixtures, and equipment	(22,277,641)	(1,457,684)	-	264,644	(23,470,681)
State fair assets	(803,965)	(19,373)	-	-	(823,338)
Infrastructure - parks	(2,041,621)	(289,772)	-	-	(2,331,393)
Infrastructure - water/sewer	(6,432,662)	(615,514)	-	-	(7,048,176)
Infrastructure - streets	(9,662,957)	(705,457)	-	-	(10,368,414)
Infrastructure - public services	(38,165)	-	-	-	(38,165)
Total accumulated depreciation	(59,795,413)	(3,379,630)	-	264,644	(62,910,399)
Other capital assets, net	56,470,604	(1,867,528)	2,108,429	(20,065)	56,691,440
Governmental activities capital assets, net	\$ 63,644,712	\$ 6,432,535	\$ -	\$ (20,065)	\$ 70,057,182

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**Business-type activities:**

Capital assets not being depreciated:

Land	\$ 2,416,597	\$ -	\$ -	\$ -	\$ 2,416,597
Construction in progress	10,552,939	11,280,122	(15,752,678)	-	6,080,383
Total capital assets not being depreciated	<u>12,969,536</u>	<u>11,280,122</u>	<u>(15,752,678)</u>	<u>-</u>	<u>8,496,980</u>

Other capital assets:

Buildings and improvements - Hatbox	3,292,522	-	2,271,353	-	5,563,875
Buildings and improvements - Civic Center	7,110,764	-	-	-	7,110,764
Buildings and improvements - Airport	1,124,777	-	-	-	1,124,777
Buildings and improvements - Parking	360,954	-	-	-	360,954
Furniture, fixtures, and equipment	16,339,204	562,443	-	-	16,901,647
Muskogee tourism authority assets	-	37,688	-	-	37,688
War memorial assets	261,850	-	-	-	261,850
Infrastructure - water/sewer	111,930,739	-	13,481,325	-	125,412,064
Infrastructure - parking	660,068	-	-	-	660,068
Infrastructure - sports complex	698,724	-	-	-	698,724
Infrastructure - swim & fitness	707,136	-	-	-	707,136
Infrastructure - airport	6,137,817	-	-	-	6,137,817
Total other capital assets at historical cost	<u>148,624,555</u>	<u>600,131</u>	<u>15,752,678</u>	<u>-</u>	<u>164,977,364</u>

Less accumulated depreciation for:

Buildings and improvements - Hatbox	(2,411,594)	(96,501)	-	-	(2,508,095)
Buildings and improvements - Civic Center	(2,323,110)	(179,463)	-	-	(2,502,573)
Buildings and improvements - Airport	(663,819)	(39,026)	-	-	(702,845)
Buildings and improvements - Parking	(241,935)	(5,016)	-	-	(246,951)
Furniture, fixtures, and equipment	(6,040,752)	(606,315)	-	-	(6,647,067)
Muskogee tourism authority assets	-	(6,517)	-	-	(6,517)
War memorial assets	(201,270)	(5,273)	-	-	(206,543)
Infrastructure - water/sewer	(53,727,321)	(2,788,048)	-	-	(56,515,369)
Infrastructure - parking	(192,581)	(13,802)	-	-	(206,383)
Infrastructure - sports complex	(698,724)	-	-	-	(698,724)
Infrastructure - swim & fitness	(243,878)	(26,318)	-	-	(270,196)
Infrastructure - airport	(2,033,173)	(204,339)	-	-	(2,237,512)
Total accumulated depreciation	<u>(68,778,157)</u>	<u>(3,970,618)</u>	<u>-</u>	<u>-</u>	<u>(72,748,775)</u>
Other capital assets, net	<u>79,846,398</u>	<u>(3,370,487)</u>	<u>15,752,678</u>	<u>-</u>	<u>92,228,589</u>
Business-type activities capital assets, net	<u>\$ 92,815,934</u>	<u>\$ 7,909,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,725,569</u>

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:

Public Safety	\$ 772,543
Transportation	935,020
Culture, parks and recreation	575,177
Utilities	769,605
General Government	327,285
Total governmental activities depreciation expense	<u>\$ 3,379,630</u>

Depreciation expense charged to business-type activities:

Airport	\$ 209,084
Civic Center	234,819
War Memorial/Batfish	5,273
Parking Authority	98,765
MunicipAuth	3,016,838
Stormwater	127,684
Hatbox	263,379
SolidWaste	7,863
Swim Fitness	398
Tourism Authority	6,517
Total business-type activities depreciation expense	<u>\$ 3,970,620</u>

### 3. F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business-type activities.

#### Governmental Activities Long-Term Debt

At June 30, 2021, the governmental activities long-term debt consisted of the following:

#### Capital Leases:

Lease payable to Motorola Credit Corporation for the shared lease purchase of a communications network. Annual payments of \$89,010 including interest at 4.11% are due on January 1, 2011 through January 1, 2022, to be repaid from the Emergency 911 Fund.	\$ 49,086
Total Capital Leases	<u>\$49,086</u>
Current portion	<u>\$49,086</u>
Total Capital Leases	<u>\$49,086</u>

#### Notes Payable (Direct Borrowings):

A note payable from the City was issued to Muskogee Medical Center Authority for the purchase of police cars in the amount of \$824,305. The note is payable in monthly installments of \$14,720 including interest at 2.75%.	371,136
A note payable from the Muskogee Redevelopment Authority to the Muskogee Medical Center Authority to facilitate certain capital improvements to the Love-Hatbox Sports Complex in the amount of \$1,600,000. Interest payments are made monthly at 2.5%	1,600,000
A note payable from the Muskogee Urban Renewal Authority to the Bancfirst to finance certain project costs in the amount of \$6,550,000. Payments of principal and interest are paid semi-annually and the final payment is due January 1, 2030.	5,440,000
A note payable from the City was issued to Muskogee Medical Center Authority for the purchase of police cars in the amount of \$694,859. The note is payable in monthly installments of \$12,641 including interest at 3.50%.	<u>609,075</u>
Total Notes Payable	<u>\$8,020,211</u>
Current portion	\$ 676,034
Non-current portion	<u>7,344,177</u>
Total Notes Payable	<u>\$8,020,211</u>

#### Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion	\$ 563,382
Non-current portion	<u>5,070,439</u>
Total Accrued Compensated Absences	<u>\$5,633,821</u>

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Business-Type Activities Long-Term Debt

Notes Payable (Direct Borrowings):

Several promissory notes payable were issued by the Municipal Authority of the City of Muskogee to the Oklahoma Water Resources Board. These notes, although listed individually, were a part of an overall loan agreement that included both zero interest loans and below market interest loans.

The Oklahoma Water Resources Board notes are secured by a pledge and assignment of revenues derived by the Authority from its operation of the water and sewer systems serving the City of Muskogee. The notes are subject to the terms and provisions of the Loan Agreement dated September 1, 1994, between the Oklahoma Water Resources Board and the Muskogee Municipal Authority. The terms of this agreement include (1) a rate covenant and (2) the establishment and funding of debt service funds held by a local trustee. For the year ended June 30, 2021, the City complied, in all material respects, with these covenants.

The following were the Oklahoma Water Resources Board notes outstanding at June 30, 2021:

Series 2008 SRF Promissory Note in the original amount of \$22,095,000 payable at an average interest rate of 3.96% per annum in consecutive semiannual installments commencing September 15, 2016 and on or before the 15th day of March and September thereafter up to and including March 15, 2032.	\$18,530,000
Series 2009 Clean Water SRF Promissory Note in the original amount of \$1,435,000 payable at an average interest rate of 2.36% per annum in consecutive semiannual installments commencing March 15, 2011, and on or before the 15th day of September and March thereafter up to and including March 15, 2030.	521,885
Series 2011 SRF Promissory Note in the original amount of \$12,775,000 payable at an average interest rate of 2.27% per annum in consecutive semiannual interest installments commencing September 15, 2011 and principal installments commencing September 15, 2016, and on or before the 1st day of September and March thereafter up to and including September 15, 2034.	9,160,000
Series 2012 SRF Promissory Note in the original amount of \$10,645,000 payable at an average interest rate of 2.55% per annum in consecutive semiannual interest installments commencing February 1, 2011 and principal installments commencing February 1, 2013, and on or before the 1 <sup>st</sup> day of August and February thereafter up to and including August 1, 2027.	5,125,000
Series 2014 SRF Promissory Note in the original amount of \$7,300,000 payable at an average Interest rate of 2.4% per annum in consecutive semiannual interest installments commencing September 15, 2014 and principal installments commencing March 1, 2018, and on or before the 1st day of September and March thereafter up to and including March 1, 2036.	5,737,623
Series 2017 SRF Promissory Note in the original amount of \$27,360,000 payable at an average interest rate of 2.66% per annum in consecutive semiannual interest installments commencing September 15, 2018, and on or before the 1st day of September and March thereafter. At June 30, 2020, there was only \$18,757,059 drawn on the note.	18,727,060
Series 2019 SRF Promissory Note in the original amount of \$17,640,000 payable at an average interest rate of 3.19% per annum in consecutive semiannual interest installments commencing March 15, 2021, and on or before the 15th day of September and March thereafter. At June 30, 2020, there was only \$8,030,133 drawn on the note.	7,420,299
A note payable from the Muskogee Municipal Authority was refinanced to Bank of Oklahoma for the purchase of a new water meter system and City Hall's new heat & air system in the amount of \$6,826,000. The note is payable in eleven semi-annual installments plus interest at 1.57% and are due July 2020 to December 2025.	5,707,000

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A note payable to Jared Capital, LLC, for acquisition of a solar panel system. Monthly principal payments of \$3,200 and one payment of principal of \$38,400 starting on July 1, 2022 due on March 1, 2027. 220,800

A note payable to BancFirst from the City of Muskogee Foundation to fund the Urban Renewal Authority grant for acquisition of property on Shawnee Bypass in. Nine annual principal payments of \$400,000 and one payment of principal and interest of \$412,200 due on July 15, 2024. Variable interest rate of .25% under prime. 3,100,000

A note payable to BancFirst from the City of Muskogee Foundation to finance the cost of constructing Muskogee Little Theatre building. Ten annual principal payments of \$500,000 and one payment of principal and interest of \$412,682 due on July 15, 2025. Variable interest rate of .25% under prime. 2,820,380

A note payable to BancFirst from the City of Muskogee Foundation to fund construction of a new building for the Martin Luther King Center. Nine annual principal payments of \$251,000 and one final payment of principal and interest of \$258,789 due August 15, 2025. Regular annual payments of accrued unpaid interest are also due. Variable interest rate of .25% under prime. 1,162,246

Note payable with Firststar Bank for \$2,000,000 at 4.25% interest. Proceeds were used for capital improvements to the Hatbox Multi-purpose Livestock Show Arena Building. The note will be repaid with a grant of \$2,000,000 from the City of Muskogee Foundation, which also serves as collateral for the note. In the event of default, the Bank may exercise any and all rights and remedies under law including succeeding to all of the City's right, title and interest in and to and under the grant agreement. Principal payments are due in 5 equal installments of \$400,000, beginning July 15, 2020 through July 15, 2024 with interest payments due semi-annually on January 15 and July 15, beginning July 15, 2020. 1,600,000

Total Notes Payable \$79,832,293

Current portion \$ 5,434,358

Non-current portion, net 74,397,935

Total Revenue Bonds Payable, net \$79,832,293

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion \$ 3,418

Non-current portion 30,769

Total Accrued Compensated Absences \$34,187

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2021:



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Type of Debt	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Capital lease obligation	\$ 132,860	\$ -	\$ 83,774	\$ 49,086	\$ 49,086
Notes payable (direct borrowings)	8,476,646	143,333	599,768	8,020,211	676,034
Accrued compensated absences	5,482,869	150,952	-	5,633,821	563,382
Total Governmental Activities	<u>\$ 14,092,375</u>	<u>\$ 294,285</u>	<u>\$ 683,542</u>	<u>\$ 13,703,118</u>	<u>\$ 1,288,502</u>

Reconciliation to Government-Wide Statement of Net Position:

Accrued compensated absences payable - Due in One Year	\$ 563,382
Accrued compensated absences payable - Due in More than One Year	5,070,439
Leases payable - Due in One Year	49,086
Due in One Year	676,034
Due in More than One Year	7,344,177
	<u>\$ 13,703,118</u>

**Business-Type Activities:**

Notes payable (direct borrowings)	\$ 68,071,699	\$ 19,125,187	\$ 7,364,593	\$ 79,832,293	\$ 5,434,358
Accrued compensated absences	135,209	-	101,022	34,187	3,418
Total Business-Type Activities	<u>\$ 68,206,908</u>	<u>\$ 19,125,187</u>	<u>\$ 7,465,615</u>	<u>\$ 79,866,480</u>	<u>\$ 5,437,776</u>

Reconciliation to Government-Wide Statement of Net Position:

Accrued compensated absences payable - Due in One Year	\$ 3,418
Accrued compensated absences payable - Due in More than One Year	30,769
Due in One Year	5,434,358
Due in More than One Year	74,397,935
	<u>\$ 79,866,480</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, as of June 30, 2021 are as follows:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT			
	Capital Leases Payable		Notes Payable (direct borrowing)	
	Principal	Interest	Principal	Interest
2022	49,086	1,793	676,034	293,558
2023	-	-	2,315,440	240,356
2024	-	-	606,414	201,101
2025	-	-	612,127	177,566
2026	-	-	555,196	152,630
2027-2031	-	-	3,255,000	374,578
Totals	<u>\$ 49,086</u>	<u>\$ 1,793</u>	<u>\$ 8,020,211</u>	<u>\$ 1,439,789</u>

Year Ending June 30,	BUSINESS-TYPE ACTIVITY DEBT	
	Direct Borrowing	
	Notes Payable	
	Principal	Interest
2022	5,434,358	1,869,544
2023	5,667,027	2,304,224
2024	6,606,584	2,221,805
2025	7,563,311	2,332,532
2026	6,129,201	1,905,417
2027-2031	19,978,917	8,050,275
2032-2036	12,586,541	5,912,636
2037-2041	12,375,714	4,160,940
2042-2046	14,259,369	2,277,159
2047-2049	8,023,913	343,563
Totals	<u>\$ 98,624,935</u>	<u>\$ 31,378,095</u>
Less amount remaining to be drawn	(18,792,642)	
	<u>\$ 79,832,293</u>	

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**3.G. INTERFUND BALANCES AND ACTIVITIES**

Interfund transfers for the year ended June 30, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Community Cleanup	\$ 300,000	Budgeted operating transfer
General Fund	Job Incentives	1,200,000	Budgeted operating transfer
2019 Capital Improvement	General Fund	50,000	Debt service
MMA	MMA	2,571,054	Debt service
Street Maintenance	MMA	857,955	Debt service
Street Maintenance	Special Project Fund	65,000	Operating transfer
2014 Sewer Rehab	MMA	466,760	Debt service
MMA	Special Project Fund	242,350	Capital project payment
Stormwater	Special Project Fund	181,250	Capital project payment
Escrow Fund	Special Project Fund	300,000	Loan repayment Walnut Creek housing
General Fund	Special Project Fund	173,626	Operating transfer
Escrow Fund	Cemetery Perpetual Care	6,500	Budgeted operating transfer
Storm Water	Street Maintenance	800,000	Capital project payment
MMA	Street Maintenance	645,349	Debt service
MMA	Street Maintenance	1,560,201	Debt service
MMA	Street Maintenance	28,260	Capital outlay payment
Youth Alcohol Prevention	Youth Fitness	19,939	Operating transfer
2019 Capital Improvement	Park Development Fund	449,662	Capital project payment
2019 Capital Improvement	MMA	174,967	Capital project payment
2019 Capital Improvement	Hatbox Field	159,188	Budgeted operating transfer
MMA	2019 Streets Improvements	2,022,855	Capital outlay payment
2019 Streets Improvements	MMA	311,053	Capital outlay payment
Storm Water	MMA	145,379	Debt service
Special Project Fund	Civic Center	150,000	Budgeted operating transfer
Special Project Fund	Swim & Fitness Center	94,000	CARES ACT lost revenue
Special Project Fund	Community Development	150,000	Budgeted operating transfer
General Fund	Swim & Fitness Center	400,000	Budgeted operating transfer
General Fund	Hatbox Sports	90,000	Budgeted operating transfer
General Fund	Hatbox Field	56,000	Budgeted operating transfer
Muskogee Solid Waste	Solid Waste	372,300	Budgeted operating transfer
Muskogee Redevelopment Authority	Muskogee Redevelopment Authority	180,600	Budgeted operating transfer
Civic Center	Muskogee Redevelopment Authority	60,000	Budgeted operating transfer
Convention and Tourism	Muskogee Redevelopment Authority	656,000	Budgeted operating transfer
Job Incentives	Muskogee Redevelopment Authority	50,000	Budgeted operating transfer
Muskogee Redevelopment Authority	Hatbox Field	73,000	Budgeted operating transfer
General Fund	Street & Alley Fund	150,000	Budgeted operating transfer
General Fund	Community Development	100,000	Budgeted operating transfer
General Fund	Sales Tax Capital Outlay	155,000	Budgeted operating transfer
General Fund	Animal Adoption fees	8,300	Operating transfer
Muskogee Solid Waste	General Fund	2,829,014	Solid waste revenue transfer
MMA	General Fund	9,780,442	Water Revenue Transfer
Sales Tax Capital Outlay	Muskogee Tourism Authority	15,000	Operating transfer
Special Project Fund	Muskogee Tourism Authority	39,000	Operating transfer
General Fund	Muskogee Tourism Authority	39,000	Budgeted operating transfer
Muskogee Redevelopment Authority	Muskogee Tourism Authority	555,600	Operating transfer
City of Muskogee Foundation	General Fund	102,000	Foundation Grant
City of Muskogee Foundation	Park Development Fund	149,827	Foundation Grant
City of Muskogee Foundation	Community Development	288,771	Foundation Grant
City of Muskogee Foundation	Street Maintenance Installation	407,912	Foundation Grant
City of Muskogee Foundation	Youth Fines	100,000	Foundation Grant
City of Muskogee Foundation	2019 Capital Improvement	80,606	Foundation Grant
City of Muskogee Foundation	2019 Streets Improvement	2,000,000	Foundation Grant
City of Muskogee Foundation	Hatbox Sports Complex	54,543	Foundation Grant
Job Incentives	City of Muskogee Foundation	277,125	Interest on Foundation Loan
Employee Benefit Health -Sales Tax	Life and Medical Fund	435,112	Operating transfer
Total		<u>\$ 32,630,500</u>	

	Transfers In	Transfers Out	Net Transfers/ Internal Activity
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 25,365,764	\$ (8,208,387)	\$ 17,157,377
Proprietary Funds	6,829,624	(24,422,113)	(17,592,489)
Internal Service Funds	435,112		435,112
Total Transfers	<u>\$ 32,630,500</u>	<u>\$ (32,630,500)</u>	<u>\$ -</u>
Reconciliation to statement of activities:			
		Governmental	Business-Type
Net transfers		\$ 17,157,377	\$ (17,592,489)
Reclassification of capital asset purchases and expense between activities		(7,019,730)	7,019,730
Internal Service Funds		435,112	
Total Transfers- Internal Activity		<u>\$ 10,572,759</u>	<u>\$ (10,572,759)</u>

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Interfund balances were as follows:

<u>Receivable From</u>	<u>Payable To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Community Development	General Fund	\$ 2,416	To cover negative cash
Youth Fines	General Fund	15,142	To cover negative cash
DEQ Elyson Project	General Fund	9,257	To cover negative cash
MMA	General Fund	905,928	To cover negative cash
Hatbox Field	General Fund	40,532	To cover negative cash
Muskogee Redevelopment Authority	City of Muskogee Foundation	3,671,646 *	Loan to purchase land
Urban Renewal Authority	City of Muskogee Foundation	5,500,000 **	Loan to purchase real property
Total		<u>\$ 10,144,921</u>	

	<u>Due From</u>	<u>Due To</u>	<u>Net Transfers/ Internal Activity</u>
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 973,275	\$ (9,198,461)	\$ (8,225,186)
Proprietary Funds	9,171,646	(946,460)	8,225,186
Total Transfers	<u>\$ 10,144,921</u>	<u>\$ (10,144,921)</u>	<u>\$ -</u>

Reconciliation to Government-Wide Statements:

Net Interfund Balances	(8,225,186)	8,225,186
Consolidation of internal service funds activities related to enterprise funds	278,375	(278,375)
Total Internal Balances	<u>\$ (7,946,811)</u>	<u>\$ 7,946,811</u>

\* - The City of Muskogee Foundation loaned the Muskogee Redevelopment Authority \$3,671,646 which will be repaid in one single principal payment of \$3,671,646 on March 1, 2025. Interest payments will be made annually from the Job Incentive Fund for five years at prime rate less .25 basis points.

\* - The City of Muskogee Foundation loaned the Urban Renewal Authority \$5,500,000 which will be repaid in one single principal payment of \$5,500,000 on January 27, 2035. Interest payments will be made semi-annually from the Job Incentive Fund for twenty years at prime rate less .25 basis points.

### 3.H. FUND BALANCES AND NET POSITION

#### Fund Balance

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General Fund	Other Governmental Funds	TOTAL
Fund Balances:			
Restricted for:			
Police vehicles	-	20,748	20,748
Police capital outlay	-	218,778	218,778
Fire capital outlay	-	720,563	720,563
Nonuniform capital outlay	-	86,311	86,311
Community cleanup	139,570	-	139,570
Street and alley	-	620,734	620,734
Solid waste	45,013	-	45,013
Capital outlay - sales tax	-	1,625,987	1,625,987
Home grants	-	7,963	7,963
Emergency management grants	-	95	95
Drug forfeiture revenue	-	5,627	5,627
Drug forfeiture federal	-	729	729
City-county 911	-	15,210	15,210
CDBG grants	-	164	164
Repair and replacement	-	3,630	3,630
Nonuniform purposes - sales tax	-	505,517	505,517
Police purposes - sales tax	-	269,726	269,726
Fire purposes - sales tax	-	750,311	750,311
Animal control	-	17,933	17,933
Animal adoption	-	95,112	95,112
Weed and seed program	-	47,774	47,774
DEQ Elyson project	-	4	4
Convention and tourism	-	562,856	562,856
Employee benefits health- sales tax	-	289,762	289,762
Local law enforcement block grant	-	767	767
2009 Sewer rehabilitation	-	11,829	11,829
2009 capital improvement	-	265	265
75 limited access	-	35,309	35,309
Chandler road detention	-	119,536	119,536
Economic development - sales tax	-	1	1
Water/sewer improvement	-	2,788	2,788
2014 sewer rehabilitation	-	5,807,065	5,807,065
2014 capital improvement	-	664,559	664,559
2019 capital improvement	-	955,886	955,886
Street improvements	-	1,312,922	1,312,922
Spaulding park	62,290	-	62,290
Debt service	-	98,470	98,470
Cemetery perpetual care	-	168,847	168,847
Sub-total Restricted	246,873	15,043,778	15,290,651
Committed:	6,309,348	-	6,309,348
Assigned:			
Community cleanup	347,718	-	347,718
Solid waste	387,705	-	387,705
Special projects	1,845,430	-	1,845,430
Park development	429,781	-	429,781
Job incentives	459,539	-	459,539
Community development	180,293	-	180,293
Spaulding park	22,562	-	22,562
Hultquis Library	-	135,926	135,926
Police vehicles	-	127,855	127,855
Street and alley	-	150,000	150,000
Capital outlay - sales tax	-	155,000	155,000
Police equipment grants	-	102,058	102,058
Repair and replacement	-	79,307	79,307
Animal adoption	-	8,300	8,300
Youth fines	-	1,941	1,941
2019 capital improvement	-	80,606	80,606
Street improvements	-	4,022,855	4,022,855
Street maintenance and installation	-	1,456,489	1,456,489
Sub-total Assigned	3,673,028	6,320,337	9,993,365
Unassigned:	6,149,067	-	6,149,067
Escrow account	(37,059)	-	(37,059)
Urban renewal authority	-	(4,992,790)	(4,992,790)
Muskogee redevelopment authority	-	(3,599,766)	(3,599,766)
State fairgrounds	-	(101)	(101)
Sub-total Unassigned	6,112,008	(8,592,657)	(2,480,649)
TOTAL FUND BALANCES	\$ 16,341,257	\$ 12,771,458	\$ 29,112,715

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Prior Period Adjustments

The following adjustments to beginning fund balance/net position were:

					<u>Government -Wide</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Muskogee Municipal Authority</u>	<u>Hatbox Sport Complex</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Beginning fund balance/net position, as previously reported	\$ 11,665,551	\$ 14,699,689	\$ 21,627,380	\$ 530,649	\$ 49,972,421	\$ 151,889,547
Understatement of Court Accounts Receivables	225,056				225,056	
Overstatement of Capital Assets					(535,012)	
Reclassification of fund type	2,559,964	(2,212,688)	(8,430)		347,276	(8,430)
Overstatement of Grant Receivables	(99,963)	(25,861)	(88,953)	(134,332)	(125,824)	(223,285)
Reclassification of internal service funds					(193,040)	
Beginning fund balance/net position, restated	<u>\$ 14,350,608</u>	<u>\$ 12,461,140</u>	<u>\$ 21,529,997</u>	<u>\$ 396,317</u>	<u>\$ 49,690,877</u>	<u>\$ 151,657,832</u>

**NOTE 4. OTHER NOTES**

**4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer – Defined Contribution Plan

A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

	<u>Governmental Activities</u>
Net Pension Liability	
Police Pension	\$ 1,638,518
Fire Pension	21,002,852
Total Net Pension Liability	<u>\$ 22,641,370</u>
Deferred Outflows of Resources:	
Police Pension System	\$ 2,808,457
Firefighter's Pension System	4,224,425
Total Deferred Outflows of Resources	<u>\$ 7,032,882</u>
Deferred Inflows of Resources:	
Police Pension System	\$ 455,161
Firefighter's Pension System	1,342,744
Total Deferred Inflows of Resources	<u>\$ 1,797,905</u>

### **Oklahoma Police Pension and Retirement System**

**Plan description** - The City of Muskogee, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS)

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$631,340. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$398,150 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$574,897. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a liability of \$1,638,518 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 1.4267%.

For the year ended June 30, 2021, the City recognized pension expense of \$1,923,519. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,389	\$ 444,978
Changes of assumptions	168,324	-
Net difference between projected and actual earnings on pension plan investments	1,933,196	-
Changes in proportion	31,931	1,061
City contributions during measurement date	1,277	9,122
City contributions subsequent to the measurement date	631,340	-
Total	<u>\$ 2,808,457</u>	<u>\$ 455,161</u>

The \$631,340 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension asset/liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 244,995
2023	499,060
2024	637,353
2025	371,726
2026	(31,178)
	<u>\$1,721,956</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustment:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wages inflation)
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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Active employees (post-retirement): RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private Equity	11.58%
Commodities	0.00%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies, and absolute return strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease <u>6.5%</u>	Current Discount <u>Rate 7.5%</u>	1% Increase <u>8.5%</u>
Employers' net pension liability (asset)	\$ 5,788,222	\$ 1,638,518	\$(1,871,259)

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).



### **Oklahoma Firefighters Pension and Retirement System**

**Plan description** - The City of Muskogee, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Benefits provided** - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

#### Normal Retirement:

- Hired Prior to November 1, 2013  
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month
- Hired After November 1, 2013  
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$767,388 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,328,108 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$1,766,131.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a net pension liability of \$21,002,852 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan

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relative to the total contributions received by the pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 1.704897%.

For the year ended June 30, 2021, the City recognized pension expense of \$4,077,507. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,676,821	\$ 281,807
Changes of assumptions	-	355,915
Net difference between projected and actual earnings on pension plan investments	308,719	-
Changes in proportion and differences between City contributions and proportionate share of contributions	471,180	697,037
City contributions during the measurement date	317	7,985
City contributions subsequent to the measurement date	767,388	-
Total	<u>\$ 4,224,425</u>	<u>\$ 1,342,744</u>

The \$767,388 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 439,564
2023	854,927
2024	515,187
2025	304,615
Total	<u>\$ 2,114,293</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$27,276,074	\$ 21,002,852	#####

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs) .

**Defined Contribution Plan - Oklahoma Municipal Retirement Fund (OkMRF)**

As of July 1, 1996, the City has also provided a defined contribution plan with the Oklahoma Municipal Retirement Fund. The plan is administered by the Oklahoma Municipal Retirement Fund of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the City Council. The defined contribution plan is required for all full-time, non-uniformed employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 10 years of service. Under the Oklahoma Municipal Retirement Fund Plan, participants are required to contribute at least 3% of their biweekly compensation and the City is required to match 7.428% of the employee's biweekly earnings. Participants are permitted to make additional voluntary after-tax contributions to the plan, if they so choose.

For the year ended June 30, 2021, the following amounts related to the defined contribution plan:

Payroll for covered employees	\$ 10,376,520
Employer (City) contributions made	\$ 774,697

**Other Post-Employment Benefits**

**Plan description** – The City provides post-employment benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are

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provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Substantially all of the government's employees may become eligible for those post-employment benefits if they reach normal retirement age while working for the City. As of June 30, 2021, approximately 43 retired employees/survivors are receiving benefits under this plan.

**Benefits provided** – benefits that are provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. The City of Muskogee provides medical and prescription drug coverage for retirees and their dependents who elect to make the required contributions. The provisions for these benefits are not formalized in a contract or plan document but are referenced only in a few sentences in the administrative policy manual. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

**Funding Policy** – The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you go financing requirements. For fiscal year 2021, the City contributed to the plan. Plan members receiving benefits contributed \$231,930 or approximately 100 percent of the total premiums, through their required contribution of \$641.83 per month for retiree-only coverage and \$978.42 for retiree and spouse medical coverage, these amounts include dental and vision coverage.

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At June 30, 2021, the City reported a liability of \$7,313,688 as the total OPEB liability. The total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

For the year ended June 30, 2021, the City recognized OPEB expense of \$670,970. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,457,930	\$ 199,148
Differences between expected and actual experience	-	706,499
City contributions during measurement date	-	18,063
City benefit payments subsequent to the measurement date	231,930	-
Total	<u>\$ 1,689,860</u>	<u>\$ 923,710</u>

\$231,930 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:		
2022	\$	66,277
2023		66,277
2024		66,277
2025		85,973
2026		114,434
Thereafter		134,982
Total	\$	<u>534,220</u>

**Actuarial Assumptions** - The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Discount Rate: 2.21%
- Healthcare cost trend Rates graded from 6.05% in 2019 to 4.87% in 2060
- Mortality: PubG-2010 for non-public safety; PubS-2010 for police and fire
- Termination rates, civilians OkMRF 2017 experience study
- Termination rates, uniformed Police and firefighter rates for these groups in Oklahoma
- Retirement rates, civilian Based on actual experience ranging from 7% at age 55 to 100% at 70
- Retirement rates, uniformed Rates for the statewide police and fire retirement systems

**Discount Rate** – Since the plan is unfunded and there are no assets held in an irrevocable trust, the discount rate used to determine the total OPEB liability is based on the yield for 20-year municipal bonds on the measurement date using the Bond Buyers’ index. That rate was 2.21%, a decrease from the prior year discount rate of 3.50%.

**Changes in Total OPEB Liability** –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Balances Beginning of Year	\$ 6,408,297
Changes for the Year:	
Service cost	367,539
Interest expense	237,154
Differences between expected and actual experience	(673,184)
Changes in assumptions	1,201,783
Benefits paid	(227,901)
Net changes	<u>905,391</u>
Balances Ending of Year	<u>\$ 7,313,688</u>

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**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**-The following presents the total OPEB liability of the employer calculated using the discount rate of 2.21%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage-point higher (3.21) than the current rate:

	1% Decrease 1.21%	Current Discount Rate - 2.21%	1% Increase 3.21%
Employer's Total OPEB Liability	\$ 8,310,586	\$ 7,313,688	\$ 6,465,963

  

	1% Decrease 4.99%	Healthcare Cost Trend Rates 5.99%	1% Increase 6.99%
	Grading to 3.87%	Grading to 4.87%	Grading to 5.87%
Employer's Total OPEB Liability	\$ 6,097,990	\$ 7,313,688	\$ 8,845,403

#### **4.B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions; asset loss and natural disasters	Participation in Oklahoma Municipal Assurance Group risk entity pool	(1)
b. Injuries to employees (workers compensation)	Self-insured	(2)
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 to \$50,000 deductibles	No risk of loss
c. Employee health	Self-insured	(3)

The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan (risk entity pool) as follows.

##### **(1) Liability Protection Plan**

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

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Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

**(2) Worker's Compensation Plan**

The City has established a workers compensation internal service fund. Claims settled without adjudication or arbitration are paid from the Trust Fund. Since claims for Joint Petition Settlements, Form 14 Settlements and adjudicated final orders of the Workers' Compensation Court pertaining to permanent and temporarily disability awards and medical treatment claims are paid through the City's sinking fund by property taxes assessed and collected annually specifically for this purpose, the risk retained by the City is limited to payments for undisputed temporary disability and medical treatment payments. The City has excess insurance with retention of \$600,000 per accident for police and firemen and \$500,000 for non-uniform employees. No liability for reported claims or for incurred but not reported claims has been accrued at June 30, 2021. The City's contributions to this fund were \$497,966 in the year ended June 30, 2021. At June 30, 2021, this fund had a fund balance of been fully funded by contributions from the City and this fund had a deficit fund balance of \$7,261.

**(3) Employee Health Plan**

The City has established an internal service fund for providing health benefits to its employees and covered dependents. Health benefits were self-insured up to a specific stop loss amount of \$100,000 per individual claim and an aggregate stop loss of approximately \$3,000,000 for 2021. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by a third-party claims administrator. No liabilities for reported claims or for claims incurred but not reported have been accrued at June 30, 2021. Management believes such coverage is sufficient to preclude any significant losses to the City.

All operating funds of the City participate in the program and make payments to the Life and Medical Trust Fund. Contributions to the fund are based on actuarial estimates of the amounts need to pay prior and current year claims. The contributions made by the City (as employer) were \$4,974,472 and by employees were \$0 for 2021. At June 30, 2021, this fund had a fund balance of \$577,990.

**(4) Claims Liability Analysis**

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from June 30, 2020, to June 30, 2021, are as follows:

	Worker's Comp	Health Insurance	Total
Claims Liability, June 30, 2020	<u>847,953</u>	<u>229,837</u>	<u>1,077,790</u>
Claims and changes in estimates	689,294	4,207,380	4,896,674
Claims payments	<u>(567,508)</u>	<u>(4,331,897)</u>	<u>(4,899,405)</u>
Change in Liability	<u>121,786</u>	<u>(124,517)</u>	<u>(2,731)</u>
Claims Liability, June 30, 2021	<u><u>969,739</u></u>	<u><u>105,320</u></u>	<u><u>1,075,059</u></u>

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#### 4.C. COMMITMENTS AND CONTINGENCIES

##### Commitments:

##### Construction Commitments

The City had the following construction commitments outstanding at June 30, 2021 with balances left on the contract:

Project	Contractor	Contract Amount	Remaining Balance
Wastewater Treatment Plant Digester Rehabilitation	Cook Consulting, LLC	2,800,034	800,945
Wastewater Treatment Plant Port Lift Station #4	Cook Consulting, LLC	999,000	-
Water Treatment Plant Raw Water Pump Station Rehab	Daris Contractors	1,207,200	192,153
Water Distribution Waterlines Interconnects Package B	Cook Consulting, LLC	1,341,262	-
Wastewater Treatment Plant NE Collection System	Cook Consulting, LLC	5,351,075	-
Wastewater Treatment Plan NS Collection System	Cook Consulting, LLC	1,479,979	80,140
Mill & Overlay NE Zone	Rosscon, LLC	2,853,866	-
Micro-Surfacing NE Zone	Vance Brothers, Inc	1,592,069	419,972
24th St Improvements	H & G Paving Contractors	4,347,451	-
Walnut Creek SE Zone	Cook Consulting, LLC	889,600	215,972
MLK Center Parking Lot	Cook Consulting, LLC	297,412	53,418
43rd and 45th Street Project	Rosscon, LLC	714,193	7,027
Four Corners Signal Improvements	Traffic & Lighting Systems	643,000	55,854
Muskogee Swim & Fitness HVAC	Omni Mechanical Services, LLC	452,995	22,650
Totals		<u>\$ 24,969,136</u>	<u>\$ 1,848,131</u>

##### Other Interfund Transactions

The Muskogee Municipal Authority entered a lease agreement dated October 1, 1976 with the City of Muskogee. The property leased from the City includes the presently existing and hereafter acquired water and sanitary sewer systems. The leased property and the gross revenues derived there from are referred to collectively as the Trust Estate in the lease which was amended May 1, 1992. The term of the lease is to September 30, 1998, or until such date as all indebtedness incurred by the Authority and secured by the Trust Estate or any part thereof is paid.

The Muskogee Municipal Authority provided water and sewer services during the current fiscal year to the following users at no charge: City of Muskogee Departments, Muskogee State Fair Authority and Muskogee City-County Health Department.

##### Lease Agreements

The City of Muskogee leases unimproved land at the Muskogee Davis Field Airport to various lessees for the purpose of constructing, operating and maintaining airplane hangars. The initial term of these leases is twenty years, with right of first refusal to negotiate a new lease at the termination of the initial twenty-year lease. The rental charge is \$0.17 per square foot per year due annually, with limits for increases to rental charges over the twenty-year term. The annual rental payment for each parcel leased for hangar construction is approximately \$1,200. At June 30, 2021, there were six such leases in effect. Since the leases are for unimproved realty, there is no depreciation or other direct expense related to the assets subject to the leases.



#### Related Organizations

The Muskogee City Council is responsible for appointing members of the board of other organizations. Additionally, the City of Muskogee, in conjunction with the Muskogee County Commissioners, has created jointly-governed organizations whose boards are composed of or appointed by the City Council and the County Commissioners. These related organizations exist as separate legal entities and the City's accountability for these organizations does not extend beyond making the board appointments. A list of organizations for whom the City and/or County appoints a majority of the members of their boards includes the following:

- A More Beautiful Muskogee
- Muskogee Housing Authority
- Muskogee City-County Port Authority
- Muskogee County Transit Authority

#### Contingencies:

##### Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year-to-year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time.

##### Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City. This statutory taxing ability is not available to the City's public trusts (Authorities).

## DISCRETELY PRESENTED COMPONENT UNITS

### Muskogee Medical Center Authority (MMCA)

#### Deposits

Custodial credit risk is the risk a government's deposits may not be returned to it in the event of a bank failure. The MMCA's deposit policy for custodial credit risk requires compliance with provisions of state law which requires collateralization of all deposits with Federal depository insurance and other acceptable collateral in specific amounts. At September 30, 2020, all deposits held by the MMCA were insured or collateralized.

#### Investments

The MMCA may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At September 30, 2020, the MMCA had the following deposits, investments, and related maturities:

Type	Fair Value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
Money market mutual funds	\$ 8,578,949	\$ 8,578,949	\$ -	\$ -
Certificates of deposit	2,963,353	2,443,485	519,868	-
Corporate bonds	942,449	-	722,717	219,732
Mortgage - and asset backed				
Mutual bond funds	1,178,866	1,178,866	-	-
	<u>13,663,617</u>	<u>\$ 12,201,300</u>	<u>\$ 1,242,585</u>	<u>\$ 219,732</u>
Accrued interest receivable	10,302			
Reclassified to cash	(8,578,949)			
<b>Total</b>	<u>\$ 5,094,970</u>			

#### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the MMCA's investment policy requires certain weighted-average maturity levels for each type of investment held. The U.S. Treasury portfolio, excluding mortgage securities, and the U.S. agencies portfolio shall not exceed four years. The weighted-average maturity of the corporate bonds portfolio shall not exceed five years and the aggregate weighted-average maturity of all other security types shall not exceed one year. The money market mutual funds are considered as an investment with a maturity of less than one year because they are redeemable in full immediately.

#### Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. At September 3, 2020, the MMCA's investments not directly guaranteed by the U.S. government were rated as follows:

Type	Moody's	S&P
Corporate Bonds	BA1	BB+
Money market mutual funds	Not rated to Aaa	Not rated to AAA
Mortgage - and asset-backed securities of U.S. agencies	Not rated to Aaa	AA+
Mutual bond funds	Not rated	Not rated

### **Custodial Credit Risk**

For an investment, custodial risk is the risk that in the event of the failure of the counterparty the MMCA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The MMCA's policy, as it relates to custodial credit risk, is to secure certificates of deposit in excess of \$250,000 with securities rated A or better by Standard & Poor's. Repurchase agreements are to be secured by treasuries with a maturity of 10 years or less.

### **Concentration of Credit Risk**

The MMCA places no limit on the amount that may be invested in any one issuer. The MMCA's investment policy requires that securities issued by any individual Federal agency may not exceed 50% of the total investment portfolio, and overall agency securities shall not exceed 70% of the investment portfolio. Corporate bond holdings may not exceed 20% and corporate bonds rated AA or below may not exceed 10% of the total investment portfolio. The money market mutual fund portfolio may not exceed 50% of the total investment portfolio. At September 30, 2020 the following investments exceeded 5% of the total fair value of all investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage of Total</u>
Municipal receivables	2,784,365	16%
Corporate bonds	942,449	6%
Mutual bond funds	1,178,866	7%
Mabrey Bank certificate of deposit	813,440	5%

### **Investment Income**

Investment income for the year ended September 30, 2020 consisted of:

Investment income	\$ 1,469
Net increase in the fair value of investments	<u>69,334</u>
Total	<u>\$ 70,803</u>

The calculation of realized gains (losses) is independent of the calculation of the net increase (decrease) in the fair value of investments. Realized gains (losses) on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investments reported in the prior year. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain (loss) on investments held at September 30, 2020 was \$69,334.

### **Fair Value of Investments**

Governmental accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priorities to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – These are investments where values are based on unadjusted quoted prices for identical assets in an active market the MMCA has the ability to access.

Level 2 – These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

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Level 3 – These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments.

The following is a description of the valuation methodologies used for assets measure at fair value:

*Mutual Funds:* Valued at the net asset value (NAV) of shares held by the MMCA at year end.

*Equity Securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the MMCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumption to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the MMCA's assets at fair value as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,178,866	\$ -	\$ -	\$ 1,178,866
Corporate bonds	-	942,449	-	942,449
Certificates of deposits with brokers	-	772,485	-	772,485
Certificates of deposits at local banks	-	2,190,868	-	2,190,868
				\$ 5,084,668
Accrued interest				10,302
				<u>\$ 5,094,970</u>

### Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the MMCA:

Land	15-20 years
Buildings and building improvements	20-40 years
Equipment	3 – 7 years

Capital asset activity for the year ended September 30, 2020 was:

	Balance at October 1, 2019	Additions	Transfers	Disposals	Balance at September 30, 2020
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,302,010	\$ -	\$ -	\$ -	\$ 1,302,010
Total capital assets not being depreciated	<u>1,302,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,302,010</u>
Other capital assets:					
Land improvements	2,364,747	-	-	-	2,364,747
Building and improvements	71,529,692	-	-	-	71,529,692
Equipment	11,916	-	-	-	11,916
Total other capital assets at historical cost	<u>73,906,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,906,355</u>
Less accumulated depreciation	<u>(42,380,808)</u>	<u>(1,517,464)</u>	<u>-</u>	<u>-</u>	<u>(43,898,272)</u>
Other capital assets, net	<u>31,525,547</u>	<u>(1,517,464)</u>	<u>-</u>	<u>-</u>	<u>30,008,083</u>
Governmental activities capital assets, net	<u>\$ 32,827,557</u>	<u>\$ (1,517,464)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,310,093</u>

### **Related Party Transactions**

On March 14, 2016, the MMCA entered into an agreement with the Muskogee Redevelopment Authority to provide funds up to \$1,600,000 at an annual interest rate of 3.0%, with accrued interest due semi-annually on March 1 and September 1 of each year. All principal and any remaining accrued interest shall be due and payable on March 14, 2019. IN March 2019 this agreement was modified to extend the terms for an additional three years. All principal and any remaining accrued interest shall be due and payable on March 31, 2022. As of September 30, 2019, approximately \$1,600,000 had been drawn on this note.

On November 8, 2017, the MMCA entered into an agreement with the City of Muskogee to provide funds in the amount of \$824,305 for the City to purchase or lease vehicles for the police department. The interest rate on the provided funds is 2.75% and is for a period of five years. The agreement calls for monthly installments of principal and interest.

In June 2019 the Authority entered into an agreement with the Muskogee Public Schools (School) to provide funds for improvements to the School's athletic facilities. The advances in the agreement were not to exceed \$1,746,000. The agreement was for a period of 11 years and had an interest rate of 5%. As of September 30, 2019 advances totaling \$309,258 had been made pursuant to these terms. In November 2019 the voters of Muskogee County approved a \$10,000,000 school bond to be used for improvements by the School. The advances made as of September 30, 2019 were paid from the proceeds of the bonds in December 2019.

In July 2019 the MMCA entered into an agreement with the City of Muskogee to provide funds in the amount of \$825,000 for the City to purchase or lease vehicles for the police department. The interest rate on the provided funds is 3.5% and is due within the City's fiscal year in which the funds are advanced. The agreement will automatically be renewed at the end of the original term unless the City gives MMCA 90-days' notice of the City's intent to terminate the agreement. As of September 30, 2020 the MMCA had advanced the City \$656,851.

### **Deferred Rent**

Effective April 2007, the MMCA leased all of the MMCA's building and improvements to an unrelated third party through March 30, 2047. The total rent of \$75,000,000 due over the lease term was prepaid in full at the execution of the lease and therefore, the MMCA is amortizing the prepayment on a straight-line basis over the lease term, which is included in rent revenue on the Statement of Revenues, Expenses and Changes in Net Position.

Scheduled amortization of deferred rent is as follows;

Years Ending September 30	
2021	\$ 1,875,000
2022	1,875,000
2023	1,875,000
2024	1,875,000
2025	1,875,000
Thereafter	<u>38,437,517</u>
	<u>\$47,812,517</u>

### **MUSKOGEE INDUSTRIAL TRUST (MIT)**

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the MIT considers all highly liquid investments (including restricted assets if applicable) with maturity of three months or less when purchased to be cash equivalents.

### **Short Term Investments**

The MIT maintains certificates of deposit at Firststar Bank with maturities of 12 months or more.

### **Receivables/Payables**

During a prior fiscal year, the MIT entered into a loan agreement with the Muskogee City-County Port Authority. The purpose of the loan is to purchase real estate parcels within the Port side. The total loan proceeds available were \$500,000. The note was re-written when it became due on April 17, 2017. Interest accrues at the rate of 4% per annum. Principal and interest payments of \$95,580. are due annually for five years.

### **Investment in Financial Transactions**

The MIT is engaged in the financing of industrial property including real estate, equipment and furniture and fixtures principally as lessor under direct financing leases. The two leases outstanding at September 30, 2021 and 2020, had initial terms of thirty (30) years.

Future minimum lease payments to be received for the two industrial property leases under direct financing leases for the year ending September 30, 2020 are as follows:

Year 2020	2,541,431
Year 2021	2,541,431
Thereafter	100,919,696

Net investment in direct financing leases is pledged as collateral on the related mortgage and bonds payable obligations. Earned income consists principally of transfers from unearned income to offset incremental initial direct costs charged to expense.

On July 1, 2013, the MIT engaged in financing educational facilities lease revenue bonds for the Independent School District No. 20, Muskogee Public Schools project. Initial maturity is September 1, 2022. (Payments are scheduled on September 1<sup>st</sup> each year.)

On October 16, 2013, the MIT engaged in financing of property for the Independent School District No. 29, Hilldale Public Schools of Muskogee County, Oklahoma. Initial maturity is August 15, 2023 (Payments are scheduled on August 15<sup>th</sup> each year.)

On October 30, 2019, the Trust engaged in financing of property for the Independent School District No. 20, Muskogee Public Schools of Muskogee County, Oklahoma. Initial maturity is August 25, 2034. (Payments are scheduled on March 1<sup>st</sup> and September 1<sup>st</sup> each year.)

Future minimum lease payments to be received for the two educational facilities leases under direct financing leases for the year ended September 30, 2020 are:

Year 2020	2,823,822
Year 2021	2,817,653
Thereafter	110,133,701

## REQUIRED SUPPLEMENTARY INFORMATION

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**Budget and Actual (with Variances)**  
**General Fund**  
**For the year ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 19,110,641	\$ 20,602,142	\$ 18,312,819	\$ (2,289,323)
Fees and fines	597,821	597,821	628,557	30,736
Licenses and permits	275,316	275,316	312,291	36,975
Intergovernmental	143,845	1,004,523	1,016,749	12,226
Charges for services	13,725,720	13,335,049	13,020,324	(314,725)
Investment earnings	325,335	325,335	196,876	(128,459)
Miscellaneous	751,843	604,727	242,170	(362,557)
Total revenues	<u>34,930,521</u>	<u>36,744,913</u>	<u>33,729,786</u>	<u>(3,015,127)</u>
<b>EXPENDITURES</b>				
General government	1,912,994	3,657,768	2,302,101	1,355,667
City manager	1,022,404	1,127,754	1,003,204	124,550
City clerk	1,493,200	1,501,978	1,279,167	222,811
City attorney	500,560	506,916	488,279	18,637
City treasurer	333,206	336,346	322,208	14,138
Procurement and general services	172,244	162,555	138,308	24,247
Data processing	706,627	715,942	618,735	97,207
Human resources	381,341	403,337	366,330	37,007
Police services	6,860,948	7,033,061	6,793,027	240,034
Fire services	6,335,061	6,394,109	6,708,943	(314,834)
Public works	5,568,684	5,786,423	5,261,079	525,344
Engineering	4,358,108	4,308,236	3,799,818	508,418
Planning	731,510	802,973	707,127	95,846
Parks	2,018,025	2,106,833	1,961,886	144,947
Library	85,122	85,122	69,430	15,692
Cemetery	274,488	276,295	212,595	63,700
Total Expenditures	<u>32,754,522</u>	<u>35,205,648</u>	<u>32,032,237</u>	<u>3,173,411</u>
Excess (deficiency) of revenues over expenditures	<u>2,175,999</u>	<u>1,539,265</u>	<u>1,697,549</u>	<u>158,284</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(2,151,000)	(3,700,763)	(3,613,408)	87,355
Total other financing sources and uses	<u>(2,151,000)</u>	<u>(3,700,763)</u>	<u>(3,613,408)</u>	<u>87,355</u>
Net change in fund balances	24,999	(2,161,498)	(1,915,859)	245,639
Fund balances - beginning	11,477,613	10,367,474	11,665,551	1,298,077
Fund balances - ending	<u>\$ 11,502,612</u>	<u>\$ 8,205,976</u>	<u>\$ 9,749,692</u>	<u>\$ 1,543,716</u>

**BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non- GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Manager (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay,



**CITY OF MUSKOGEE, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2021**

transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

The City uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year-end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent. The remaining purchase orders (and encumbrances) are cancelled and reissued during the following year. There are no outstanding encumbrances at year-end.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule	\$ 33,729,786
Differences - budget to GAAP:	
Utility revenues reported as transfers in for financial reporting purposes, but budgeted as revenues	(12,711,456)
State payments made on-behalf of police and fire pension not considered a budgetary resources	1,726,258
Taxes reported in GAAP basis	2,776,400
Adjustments to properly report revenues	(31,862)
Combining account revenues	3,062,433
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 28,551,559</u>
 <b>Uses/Outflows of appropriations</b>	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedule	\$ 32,032,237
Differences - budget to GAAP:	
State payments made on-behalf of police and fire pension not considered a budgetary expenditure	1,726,258
Transfers out reclassified for financial reporting purposes	625,232
Accrued payroll expenses	254,520
Adjustments to properly report expenses	72,600
Combining account expenditures	4,545,753
Total expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 39,256,600</u>

While the Muskogee Urban Renewal Authority is classified as a major special revenue fund, it is a Title 60 public trust, and is not required to have a legally adopted budget and therefore, no budgetary comparison schedule is presented for that fund.

**CITY OF MUSKOGEE, OKLAHOMA**  
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**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY OF MUSKOGEE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**  
Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	1.5152%	1.4536%	1.4327%	1.5423%	1.4974%	1.4341%	1.4267%
City's proportionate share of the net pension liability (asset)	\$ (510,139)	\$ 59,271	\$ 2,194,076	\$ 118,637	\$ (713,309)	\$ (91,554)	\$ 1,638,518
City's covered-employee payroll	\$ 3,927,623	\$ 4,108,877	\$ 4,225,115	\$ 4,802,285	\$ 4,748,146	\$ 4,665,231	\$ 4,784,808
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.99%	1.44%	51.93%	2.47%	15.02%	1.96%	-34.24%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.8%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

\*Only seven years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS**  
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**  
Last 10 Fiscal Years\*

	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 510,591	\$ 534,154	\$ 549,265	\$ 624,297	\$ 617,259	\$ 606,480	\$ 622,025	\$ 631,340
Contributions in relation to the statutorily required contribution	510,591	534,154	549,265	624,297	617,259	606,480	622,025	631,340
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,927,623	\$ 4,108,877	\$ 4,225,115	\$ 4,802,285	\$ 4,748,146	\$ 4,665,231	\$ 4,784,808	\$ 4,856,462
Contributions as a percentage of covered- employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Notes to Schedule:**

\*Only seven years are presented because 10-year data is not yet available.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF MUSKOGEE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	1.6580%	1.715415%	1.709522%	1.752413%	1.808819%	1.730405%	1.704897%
City's proportionate share of the net pension liability	\$ 17,438,537	\$ 18,207,555	\$ 20,885,484	\$ 22,040,510	\$ 20,360,911	\$ 18,284,595	\$ 21,002,852
City's covered-employee payroll	\$ 4,571,014	\$ 4,686,921	\$ 4,781,886	\$ 5,041,886	\$ 4,957,021	\$ 5,293,314	\$ 5,472,586
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	381.50%	388.48%	436.76%	437.15%	410.75%	345.43%	383.78%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

\*Only seven years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

	2014	2015	2016	2017	2018	2019	2020	2021
Statutorially required contribution	\$ 639,942	\$ 656,169	\$ 669,464	\$ 705,864	\$ 693,983	\$ 741,064	\$ 766,162	\$ 767,388
Contributions in relation to the statutorially required contribution	639,942	656,169	669,464	705,864	693,983	741,064	766,162	767,388
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 4,571,014	\$ 4,686,921	\$ 4,781,886	\$ 5,041,886	\$ 4,957,021	\$ 5,293,314	\$ 5,472,586	\$ 5,481,343
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

\*Only seven years are presented because 10-year data is not yet available.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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Schedule of the City of Muskogee Proportionate Share of the Total OPEB Liability  
Supplemental Health Insurance Program  
Last 10 Fiscal Years \*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportionate share of the total OPEB liability	\$ 5,287,147	\$ 5,828,028	\$ 6,408,297	\$ 7,313,688
Covered employee payroll	\$ 18,175,000	\$ 18,828,000	\$ 19,283,000	\$ 19,445,000
Total OPEB liability as a percentage of covered employee payroll	29.09%	30.95%	33.23%	37.61%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%

\*Only four years are presented because 10 year data is not yet available

Schedule of the City of Muskogee Contributions  
Supplemental Health Insurance Program  
Last 10 Fiscal Years \*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 219,385	\$ 192,083	\$ 227,901	\$ 231,930
Contributions in relation to the contractually required contribution	<u>219,385</u>	<u>192,083</u>	<u>227,901</u>	<u>231,930</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 18,175,000	\$ 18,828,000	\$ 19,283,000	\$ 19,445,000
Contributions as a percentage of covered-employee payroll	1.21%	1.02%	1.18%	1.19%

\*Only four years are presented because 10 year data is not yet available

## OTHER SUPPLEMENTARY INFORMATION

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Combining Balance Sheet - General Fund Accounts  
June 30, 2021

	General Fund	Community Clean Up	Solid Waste	Special Projects	Park Development	Job Incentives	Community Development	Spaulding Park	Escrow Account	Total General Fund Accounts
<b>ASSETS</b>										
Cash and cash equivalents	\$ 9,931,747	\$ 361,291	\$ 464,341	\$ 1,845,430	\$ 457,329	\$ 653,949	\$ 220,840	\$ 93,419	\$ 231,122	\$ 14,259,468
Investments at cost	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	3,395,239	129,088	131	-	-	-	3,294	-	-	3,527,752
Taxes receivable	2,776,400	-	-	-	-	10,704	-	-	-	2,787,104
Due from other funds	973,275	-	-	-	-	-	-	-	-	973,275
Due from other governments	6,250	-	-	-	-	-	-	-	-	6,250
Due from internal service funds	469,000	-	-	-	-	-	-	-	-	469,000
Total assets	<u>\$ 17,551,911</u>	<u>\$ 490,379</u>	<u>\$ 464,472</u>	<u>\$ 1,845,430</u>	<u>\$ 457,329</u>	<u>\$ 664,653</u>	<u>\$ 224,134</u>	<u>\$ 93,419</u>	<u>\$ 231,122</u>	<u>\$ 22,022,849</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 3,719,383	\$ 3,091	\$ 31,754	\$ -	\$ 24,229	\$ 200,017	\$ 41,425	\$ 4,575	\$ 25,977	\$ 4,050,451
Accrued payroll liabilities	1,150,437	-	-	-	3,319	5,097	-	3,992	-	1,162,845
Escrow deposits	-	-	-	-	-	-	-	-	242,204	242,204
Due to other funds	-	-	-	-	-	-	2,416	-	-	2,416
Total liabilities	<u>4,869,820</u>	<u>3,091</u>	<u>31,754</u>	<u>-</u>	<u>27,548</u>	<u>205,114</u>	<u>43,841</u>	<u>8,567</u>	<u>268,181</u>	<u>5,457,916</u>
<b>DEFERRED INFLOW OF RESOURCES</b>										
Unavailable revenue	<u>223,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,676</u>
Fund balances:										
Restricted	-	139,570	45,013	-	-	-	-	62,290	-	246,873
Committed	6,309,348	-	-	-	-	-	-	-	-	6,309,348
Assigned	-	347,718	387,705	1,845,430	429,781	459,539	180,293	22,562	-	3,673,028
Unassigned	6,149,067	-	-	-	-	-	-	-	(37,059)	6,112,008
Total fund balances	<u>12,458,415</u>	<u>487,288</u>	<u>432,718</u>	<u>1,845,430</u>	<u>429,781</u>	<u>459,539</u>	<u>180,293</u>	<u>84,852</u>	<u>(37,059)</u>	<u>16,341,257</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 17,551,911</u>	<u>\$ 490,379</u>	<u>\$ 464,472</u>	<u>\$ 1,845,430</u>	<u>\$ 457,329</u>	<u>\$ 664,653</u>	<u>\$ 224,134</u>	<u>\$ 93,419</u>	<u>\$ 231,122</u>	<u>\$ 22,022,849</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts**  
**For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Community Clean Up</b>	<b>Solid Waste</b>	<b>Special Projects</b>	<b>Park Development</b>	<b>Job Incentives</b>	<b>Community Development</b>	<b>Spaulding Park</b>	<b>Escrow Account</b>	<b>Total General Fund Accounts</b>
<b>REVENUES</b>										
Taxes	\$ 18,579,653	\$ -	\$ -	\$ -	\$ -	\$ 77,060	\$ -	\$ -	\$ -	\$ 18,656,713
Franchise fees	2,509,565	-	-	-	-	-	-	-	-	2,509,565
Intergovernmental programs	2,648,440	-	-	2,000,000	256,159	-	-	-	-	4,904,599
Fines and forfeitures	588,712	-	-	-	-	-	-	-	-	588,712
Donations	104,806	-	-	-	183,594	-	-	-	-	288,400
Admissions and concessions	-	-	-	-	43,102	-	-	5,959	-	49,061
Licenses and permits	312,291	-	-	-	175	-	-	-	-	312,466
Interest	196,876	2,645	15,405	-	5,772	5,894	412	1,548	-	228,552
Rental receipts	230,218	-	-	-	14,889	-	-	15,055	-	260,162
Cemetery collections	180,650	-	-	-	-	-	-	-	-	180,650
Miscellaneous revenue	95,380	45,073	-	300,000	3,634	3,062	82,995	-	-	530,144
Sale of property	42,536	-	-	-	-	-	-	-	-	42,536
Total revenues	<u>25,489,127</u>	<u>47,718</u>	<u>15,405</u>	<u>2,300,000</u>	<u>507,325</u>	<u>86,016</u>	<u>83,407</u>	<u>22,562</u>	<u>-</u>	<u>28,551,560</u>
<b>EXPENDITURES</b>										
Current:										
General government	7,109,758	349,224	-	59,537	-	-	-	-	-	7,518,519
Public safety and judiciary	16,456,477	-	-	228,033	-	-	-	-	-	16,684,510
Streets	1,345,355	-	-	23,015	-	-	-	-	-	1,368,370
Cultural and recreational	2,237,983	-	-	51,786	241,568	-	-	36,430	-	2,567,767
Utilities	5,387,817	-	42,406	36,826	-	-	-	-	-	5,467,049
Economic development	97	-	-	31,972	-	624,718	342,180	-	-	998,967
Other public services	810,652	-	-	-	-	-	-	-	-	810,652
Capital Outlay	1,204,904	-	1,206,347	697,728	573,983	-	-	-	-	3,682,962
Debt Service:										
Principal	83,774	-	-	-	-	-	-	-	-	83,774
Interest	74,032	-	-	-	-	-	-	-	-	74,032
Total expenditures	<u>34,710,849</u>	<u>349,224</u>	<u>1,248,753</u>	<u>1,128,897</u>	<u>815,551</u>	<u>624,718</u>	<u>342,180</u>	<u>36,430</u>	<u>-</u>	<u>39,256,602</u>
Excess (deficiency) of revenues over expenditures	<u>(9,221,722)</u>	<u>(301,506)</u>	<u>(1,233,348)</u>	<u>1,171,103</u>	<u>(308,226)</u>	<u>(538,702)</u>	<u>(258,773)</u>	<u>(13,868)</u>	<u>-</u>	<u>(10,705,042)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	12,761,456	300,000	372,300	662,226	599,489	1,200,000	538,771	-	-	16,434,242
Transfers out	<u>(2,971,926)</u>	<u>-</u>	<u>-</u>	<u>(433,000)</u>	<u>-</u>	<u>(327,125)</u>	<u>-</u>	<u>-</u>	<u>(6,500)</u>	<u>(3,738,551)</u>
Total other financing sources and uses	<u>9,789,530</u>	<u>300,000</u>	<u>372,300</u>	<u>229,226</u>	<u>599,489</u>	<u>872,875</u>	<u>538,771</u>	<u>-</u>	<u>(6,500)</u>	<u>12,695,691</u>
Net change in fund balances	567,808	(1,506)	(861,048)	1,400,329	291,263	334,173	279,998	(13,868)	(6,500)	1,990,649
Fund balances - beginning	11,890,607	488,794	1,293,766	445,101	138,518	125,366	(99,705)	98,720	(30,559)	14,350,608
Fund balances - ending	<u>\$ 12,458,415</u>	<u>\$ 487,288</u>	<u>\$ 432,718</u>	<u>\$ 1,845,430</u>	<u>\$ 429,781</u>	<u>\$ 459,539</u>	<u>\$ 180,293</u>	<u>\$ 84,852</u>	<u>\$ (37,059)</u>	<u>\$ 16,341,257</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021

**Special Revenue Funds**

	Hulquist Library	Capital Outlay Police	Capital Outlay Fire	Capital Outlay Non-uniform	Muskogee Redevelopment Authority	Street & Alley	Sales Tax Capital Outlay
<b>ASSETS</b>							
Cash and cash equivalents	\$ 135,926	\$ 197,005	\$ 709,075	\$ 63,991	\$ 75,061	\$ 780,335	\$ 1,728,228
Investments at cost	-	-	-	-	-	-	-
Accounts receivable, net	-	(547)	-	-	-	-	-
Taxes receivable	-	22,320	22,320	22,320	-	62,156	178,560
Due from other governments	-	-	-	-	-	-	-
Restricted assets:							
Bond fund/cash & investments	-	-	-	-	-	-	-
Total assets	<u>\$ 135,926</u>	<u>\$ 218,778</u>	<u>\$ 731,395</u>	<u>\$ 86,311</u>	<u>\$ 75,061</u>	<u>\$ 842,491</u>	<u>\$ 1,906,788</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 10,832	\$ -	\$ 2,574	\$ 34,476	\$ 125,801
Accrued payroll payable	-	-	-	-	607	-	-
Due to other funds	-	-	-	-	3,671,646	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,832</u>	<u>-</u>	<u>3,674,827</u>	<u>34,476</u>	<u>125,801</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	37,281	-
Fund balances:							
Restricted	-	218,778	720,563	86,311	-	620,734	1,625,987
Assigned	135,926	-	-	-	-	150,000	155,000
Unassigned (deficit)	-	-	-	-	(3,599,766)	-	-
Total fund balances	<u>135,926</u>	<u>218,778</u>	<u>720,563</u>	<u>86,311</u>	<u>(3,599,766)</u>	<u>770,734</u>	<u>1,780,987</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 135,926</u>	<u>\$ 218,778</u>	<u>\$ 731,395</u>	<u>\$ 86,311</u>	<u>\$ 75,061</u>	<u>\$ 842,491</u>	<u>\$ 1,906,788</u>

(Continued)  
**(Continued)**



**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021

	Special Revenue Funds						
	Home Grants	Emergency Management Grants	Police Equipment Grants	Drug Forfeiture Revenue	Drug Forfeiture Federal	City-County 911	CDBG Grants
ASSETS							
Cash and cash equivalents	\$ 7,963	\$ 95	\$ 25,761	\$ 41,502	\$ 729	\$ 15,210	\$ 11,264
Investments at cost	-	-	-	-	-	-	-
Accounts receivable, net	-	-	1,400	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Due from other governments	-	-	85,994	-	-	-	-
Restricted assets:							
Bond fund/cash & investments	-	-	-	-	-	-	-
Total assets	<u>\$ 7,963</u>	<u>\$ 95</u>	<u>\$ 113,155</u>	<u>\$ 41,502</u>	<u>\$ 729</u>	<u>\$ 15,210</u>	<u>\$ 11,264</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 11,097	\$ 35,875	\$ -	\$ -	\$ 11,100
Accrued payroll payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>11,097</u>	<u>35,875</u>	<u>-</u>	<u>-</u>	<u>11,100</u>
DEFERRED INFLOW OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	7,963	95	-	5,627	729	15,210	164
Assigned	-	-	102,058	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>7,963</u>	<u>95</u>	<u>102,058</u>	<u>5,627</u>	<u>729</u>	<u>15,210</u>	<u>164</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,963</u>	<u>\$ 95</u>	<u>\$ 113,155</u>	<u>\$ 41,502</u>	<u>\$ 729</u>	<u>\$ 15,210</u>	<u>\$ 11,264</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

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City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021

**Special Revenue Funds**

	<b>Sales Tax Non Uniform Benefit</b>	<b>Sales Tax Police Benefit</b>	<b>Sales Tax Fire Benefit</b>	<b>Animal Control</b>	<b>Animal Adopt Fees</b>	<b>Weed &amp; Seed Program</b>	<b>Youth Alcohol Prevention</b>	<b>Youth Fines</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 383,285	\$ 151,432	\$ 621,894	\$ 17,879	\$ 108,785	\$ 47,774	\$ -	\$ 22,156
Investments at cost	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	114	-	-	-	-
Taxes receivable	178,560	178,560	178,560	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Restricted assets:								
Bond fund/cash & investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 561,845</u>	<u>\$ 329,992</u>	<u>\$ 800,454</u>	<u>\$ 17,993</u>	<u>\$ 108,785</u>	<u>\$ 47,774</u>	<u>\$ -</u>	<u>\$ 22,156</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 60	\$ 5,373	\$ -	\$ -	\$ -
Accrued payroll payable	56,328	60,266	50,143	-	-	-	-	5,073
Due to other funds	-	-	-	-	-	-	-	15,142
Total liabilities	<u>56,328</u>	<u>60,266</u>	<u>50,143</u>	<u>60</u>	<u>5,373</u>	<u>-</u>	<u>-</u>	<u>20,215</u>
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	505,517	269,726	750,311	17,933	95,112	47,774	-	-
Assigned	-	-	-	-	8,300	-	-	1,941
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>505,517</u>	<u>269,726</u>	<u>750,311</u>	<u>17,933</u>	<u>103,412</u>	<u>47,774</u>	<u>-</u>	<u>1,941</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 561,845</u>	<u>\$ 329,992</u>	<u>\$ 800,454</u>	<u>\$ 17,993</u>	<u>\$ 108,785</u>	<u>\$ 47,774</u>	<u>\$ -</u>	<u>\$ 22,156</u>

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**CITY OF MUSKOGEE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

(Continued)

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021

	Special Revenue Funds				Capital Project Funds			
	DEQ Elyson Project	State Fairgrounds	Convention and Tourism	Employee Benefits Health- Sales Tax	Local Law Enforcement Block Grant	2009 Sewer Rehabilitation	2009 Capital Improvement	75 Limited Access B
<b>ASSETS</b>								
Cash and cash equivalents	\$ 9,261	\$ 125	\$ 449,948	\$ 244,111	\$ 767	\$ 11,829	\$ 265	\$ 35,309
Investments at cost	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-	-
Taxes receivable	-	-	112,908	-	-	-	-	-
Due from other governments	-	-	-	66,960	-	-	-	-
Restricted assets:								
Bond fund/cash & investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 9,261</u>	<u>\$ 125</u>	<u>\$ 562,856</u>	<u>\$ 311,071</u>	<u>\$ 767</u>	<u>\$ 11,829</u>	<u>\$ 265</u>	<u>\$ 35,309</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	21,309	-	-	-	-
Due to other funds	9,257	-	-	-	-	-	-	-
Total liabilities	<u>9,257</u>	<u>226</u>	<u>-</u>	<u>21,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	4	-	562,856	289,762	767	11,829	265	35,309
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	(101)	-	-	-	-	-	-
Total fund balances	<u>4</u>	<u>(101)</u>	<u>562,856</u>	<u>289,762</u>	<u>767</u>	<u>11,829</u>	<u>265</u>	<u>35,309</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9,261</u>	<u>\$ 125</u>	<u>\$ 562,856</u>	<u>\$ 311,071</u>	<u>\$ 767</u>	<u>\$ 11,829</u>	<u>\$ 265</u>	<u>\$ 35,309</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021

**Capital Project Funds**

	Chandler Road Detention	Sales Tax Economic Development	Water/Sewer Improvement	2014 Sewer Rehab	2014 Capital Improvement	2019 Capital Improvement	Streets Improvements	Street Maintenance Installation
<b>ASSETS</b>								
Cash and cash equivalents	\$ 119,536	\$ 1	\$ 2,788	\$ 5,807,065	\$ 664,979	\$ 884,716	\$ 5,046,653	\$ 1,269,187
Investments at cost	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	151,776	294,624	223,200
Due from other governments	-	-	-	-	-	-	-	-
Restricted assets:								
Bond fund/cash & investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 119,536</u>	<u>\$ 1</u>	<u>\$ 2,788</u>	<u>\$ 5,807,065</u>	<u>\$ 664,979</u>	<u>\$ 1,036,492</u>	<u>\$ 5,341,277</u>	<u>\$ 1,492,387</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 420	\$ -	\$ 5,500	\$ 35,898
Accrued payroll payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>5,500</u>	<u>35,898</u>
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	119,536	1	2,788	5,807,065	664,559	955,886	1,312,922	-
Assigned	-	-	-	-	-	80,606	4,022,855	1,456,489
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>119,536</u>	<u>1</u>	<u>2,788</u>	<u>5,807,065</u>	<u>664,559</u>	<u>1,036,492</u>	<u>5,335,777</u>	<u>1,456,489</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 119,536</u>	<u>\$ 1</u>	<u>\$ 2,788</u>	<u>\$ 5,807,065</u>	<u>\$ 664,979</u>	<u>\$ 1,036,492</u>	<u>\$ 5,341,277</u>	<u>\$ 1,492,387</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2020

	<b>Capital Project Funds</b>		<b>Debt Service</b>		
	<b>Repair and Replacement</b>	<b>Cemetery Perpetual Care</b>	<b>G.O. Sinking Fund</b>	<b>Police Vehicle Fines/Forfeitures</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 79,953	\$ 171,970	\$ 88,948	\$ 148,603	\$ 20,181,364
Investments at cost	-	-	-	-	-
Accounts receivable, net	2,984	-	-	-	3,951
Taxes receivable	-	-	9,522	-	1,635,386
Due from other governments	-	-	-	-	152,954
Restricted assets:					
Bond fund/cash & investments	-	-	-	-	-
Total assets	<u>\$ 82,937</u>	<u>\$ 171,970</u>	<u>\$ 98,470</u>	<u>\$ 148,603</u>	<u>\$ 21,973,655</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 3,123	\$ -	\$ -	\$ 282,355
Accrued payroll payable	-	-	-	-	193,726
Due to other funds	-	-	-	-	3,696,045
Total liabilities	<u>-</u>	<u>3,123</u>	<u>-</u>	<u>-</u>	<u>4,172,126</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	37,281
Fund balances:					
Restricted	3,630	168,847	98,470	20,748	15,043,778
Assigned	79,307	-	-	127,855	6,320,337
Unassigned (deficit)	-	-	-	-	(3,599,867)
Total fund balances	<u>82,937</u>	<u>168,847</u>	<u>98,470</u>	<u>148,603</u>	<u>17,764,248</u>
Total liabilities, deferred inflows, and fund bal	<u>\$ 82,937</u>	<u>\$ 171,970</u>	<u>\$ 98,470</u>	<u>\$ 148,603</u>	<u>\$ 21,973,655</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>Special Revenue Funds</b>					
	<b>Hultquist Library</b>	<b>Capital Outlay Police</b>	<b>Capital Outlay Fire</b>	<b>Capital Outlay Non-uniform</b>	<b>Muskogee Redevelopment Authority</b>	<b>Sales Tax Capital Outlay</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ 160,680	\$ 160,680	\$ 160,680	\$ -	\$ 1,285,438
Intergovernmental programs	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Admissions and concessions	-	-	-	-	7,696	-
Licenses and permits	-	-	-	-	-	-
Interest	2,225	3,103	10,632	614	102	23,244
Rental receipts	-	-	-	-	-	-
Miscellaneous revenue	-	-	2,200	-	180,604	1,200
Sale of property	-	-	-	-	-	-
Total revenues	<u>2,225</u>	<u>163,783</u>	<u>173,512</u>	<u>161,294</u>	<u>188,402</u>	<u>1,309,882</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	98,062	-	-
Public safety and judiciary	-	(1)	1,618	-	-	-
Streets	-	-	-	-	-	368,565
Cultural and recreational	1,299	-	-	-	262,797	10,842
Utilities	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other public services	-	-	-	-	-	-
Capital outlay	-	27,942	59,584	-	-	1,086,303
Debt service:						
Principal	-	85,784	-	-	-	-
Interest	-	15,344	-	-	-	-
Total expenditures	<u>1,299</u>	<u>129,069</u>	<u>61,202</u>	<u>98,062</u>	<u>262,797</u>	<u>1,097,145</u>
Excess (deficiency) of revenues over expenditures	<u>926</u>	<u>34,714</u>	<u>112,310</u>	<u>63,232</u>	<u>(74,395)</u>	<u>212,737</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	946,600	155,000
Transfers out	-	-	-	-	(809,200)	(15,000)
Proceeds from long-term debt	-	143,333	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>143,333</u>	<u>-</u>	<u>-</u>	<u>137,400</u>	<u>140,000</u>
Net change in fund balances	926	178,047	112,310	63,232	63,005	352,737
Fund balances - beginning, restated	135,000	40,731	608,253	23,079	(3,662,771)	1,428,250
Fund balances - ending	<u>\$ 135,926</u>	<u>\$ 218,778</u>	<u>\$ 720,563</u>	<u>\$ 86,311</u>	<u>\$ (3,599,766)</u>	<u>\$ 1,780,987</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

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**City of Muskogee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>Special Revenue Funds</b>					
	<b>Home Grants</b>	<b>Emergency Management Grants</b>	<b>Police Equipment Grants</b>	<b>Drug Forfeiture Revenue</b>	<b>Drug Forfeiture Federal</b>	<b>City-County 911</b>
<b>REVENUES</b>						<b>CDBG Grants</b>
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental programs	-	-	231,909	5,570	-	-
Fines and forfeitures	-	-	-	-	-	-
Donations	-	-	-	3,770	-	-
Admissions and concessions	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Interest	141	1	85	696	-	1,706
Rental receipts	-	-	-	-	-	-
Miscellaneous revenue	-	-	7,900	5,000	-	1,342
Sale of property	-	-	-	-	-	-
Total revenues	141	1	239,894	15,036	-	3,048
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety and judiciary	-	-	-	14,410	-	-
Streets	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Economic development	-	-	-	-	-	130,462
Other public services	1,000	-	-	-	-	-
Capital outlay	-	-	115,162	37,405	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	1,000	-	115,162	51,815	-	130,462
Excess (deficiency) of revenues over expenditures	(859)	1	124,732	(36,779)	-	(127,414)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(859)	1	124,732	(36,779)	-	(127,414)
Fund balances - beginning, restated	8,822	94	(22,674)	42,406	729	127,578
Fund balances - ending	\$ 7,963	\$ 95	\$ 102,058	\$ 5,627	\$ 729	\$ 164

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

**City of Muskogee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue Funds							
	Sales Tax Non Uniform Benefit	Sales Tax Police Benefit	Sales Tax Fire Benefit	Animal Control	Animal Adopt Fees	Weed & Seed Program	Youth Alcohol Prevention	Youth Fines
REVENUES								
Taxes	\$ 1,285,438	\$ 1,285,438	\$ 1,285,437	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental programs	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	12,601	14,183
Donations	-	-	-	25	19,806	-	-	-
Admissions and concessions	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	7,205	-	-	-
Interest	4,300	1,108	7,977	324	-	-	-	-
Rental receipts	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total revenues	1,289,738	1,286,546	1,293,414	349	27,011	-	12,601	14,183
EXPENDITURES								
Current:								
General government	299,644	-	-	-	-	-	-	-
Public safety and judiciary	154,070	1,252,892	1,295,229	4,469	29,200	-	-	111,338
Streets	121,036	-	-	-	-	-	-	-
Cultural and recreational	270,567	-	-	-	-	-	-	-
Utilities	351,058	-	-	-	-	-	-	-
Economic development	2	-	-	-	-	-	-	-
Other public services	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	1,196,377	1,252,892	1,295,229	4,469	29,200	-	-	111,338
Excess (deficiency) of revenues over expenditures	93,361	33,654	(1,815)	(4,120)	(2,189)	-	12,601	(97,155)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	8,300	-	-	119,939
Transfers out	-	-	-	-	-	-	(19,939)	-
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	8,300	-	(19,939)	119,939
Net change in fund balances	93,361	33,654	(1,815)	(4,120)	6,111	-	(7,338)	22,784
Fund balances - beginning, restated	412,156	236,072	752,126	22,053	97,301	47,774	7,338	(20,843)
Fund balances - ending	\$ 505,517	\$ 269,726	\$ 750,311	\$ 17,933	\$ 103,412	\$ 47,774	\$ -	\$ 1,941

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

City of Muskogee  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2021

	Special Revenue Funds				Capital Project Funds			
	DEQ Elyson Project	State Fairgrounds	Convention and Tourism	Employee Benefits Health- Sales Tax	Local Law Enforcement Block Grant	2009 Sewer Rehabilitation	2009 Capital Improvement	75 Limited Access B
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 1,080,708	\$ 482,039	\$ -	\$ -	\$ -	\$ -
Intergovernmental programs	8,539	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Admissions and concessions	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest	-	-	3,394	-	-	-	-	574
Rental receipts	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total revenues	8,539	-	1,084,102	482,039	-	-	-	574
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety and judiciary	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Cultural and recreational	-	9,751	15,640	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Other public services	-	-	2,454	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	9,751	18,094	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	8,539	(9,751)	1,066,008	482,039	-	-	-	574
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(656,000)	(435,112)	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(656,000)	(435,112)	-	-	-	-
Net change in fund balances	8,539	(9,751)	410,008	46,927	-	-	-	574
Fund balances - beginning, restated	(8,535)	9,650	152,848	242,835	767	11,829	265	34,735
Fund balances - ending	\$ 4	\$ (101)	\$ 562,856	\$ 289,762	\$ 767	\$ 11,829	\$ 265	\$ 35,309

(Continued)

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

City of Muskogee  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2021

	Capital Project Funds							
	Chandler Road Detention	Sales Tax Economic Development	Water/Sewer Improvement	2014 Sewer Rehab	2014 Capital Improvement	2019 Capital Improvement	Streets Improvements	Street Maintenance Installation
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,092,622	\$ 2,120,971	\$ 1,606,797
Intergovernmental programs	-	-	-	-	-	18,000	-	360,262
Fines and forfeitures	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Admissions and concessions	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest	1,943	-	45	-	-	-	-	-
Rental receipts	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	1,312	-	-
Sale of property	-	-	-	-	-	-	-	-
Total revenues	1,943	-	45	-	-	1,111,934	2,120,971	1,967,059
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety and judiciary	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	88,444
Cultural and recreational	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Other public services	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	133,650	117,882	2,031,105	3,988,934
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	133,650	117,882	2,031,105	4,077,378
Excess (deficiency) of revenues over expenditures	1,943	-	45	-	(133,650)	994,052	89,866	(2,110,319)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	80,606	4,022,855	3,441,722
Transfers out	-	-	-	(466,760)	-	(833,817)	(311,053)	(922,955)
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(466,760)	-	(753,211)	3,711,802	2,518,767
Net change in fund balances	1,943	-	45	(466,760)	(133,650)	240,841	3,801,668	408,448
Fund balances - beginning, restated	117,593	1	2,743	6,273,825	798,209	795,651	1,534,109	1,048,041
Fund balances - ending	\$ 119,536	\$ 1	\$ 2,788	\$ 5,807,065	\$ 664,559	\$ 1,036,492	\$ 5,335,777	\$ 1,456,489

(Continued)

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

(Continued)

**City of Muskogee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>Capital Project Funds</b>		<b>Debt Service Fund</b>		
	<b>Repair and Replacement</b>	<b>Cemetery Perpetual Care</b>	<b>G.O. Sinking Fund</b>	<b>Police Vehicle Fines/Forfeitures</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 478,573	\$ -	\$ 12,777,873
Intergovernmental programs	-	-	-	-	624,280
Fines and forfeitures	-	-	-	127,855	154,639
Donations	-	-	-	-	23,601
Admissions and concessions	-	-	-	-	7,696
Licenses and permits	-	-	-	-	7,205
Interest	1,219	2,572	4,772	-	82,802
Rental receipts	-	-	-	-	-
Miscellaneous revenue	24,950	28,273	-	-	276,703
Sale of property	53,138	-	-	-	53,138
Total revenues	<u>79,307</u>	<u>30,845</u>	<u>483,345</u>	<u>127,855</u>	<u>14,007,937</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	479,717	-	877,423
Public safety and judiciary	-	-	-	-	2,863,225
Streets	-	-	-	-	578,045
Cultural and recreational	-	-	-	-	570,896
Utilities	-	-	-	-	351,058
Economic development	-	-	-	-	130,464
Other public services	-	-	-	-	3,454
Capital outlay	52,926	7,845	-	-	7,658,738
Debt service:					
Principal	-	-	-	163,984	249,768
Interest	-	-	-	11,433	26,777
Total expenditures	<u>52,926</u>	<u>7,845</u>	<u>479,717</u>	<u>175,417</u>	<u>13,309,848</u>
Excess (deficiency) of revenues over expenditures	<u>26,381</u>	<u>23,000</u>	<u>3,628</u>	<u>(47,562)</u>	<u>698,089</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	6,500	-	-	8,931,522
Transfers out	-	-	-	-	(4,469,836)
Proceeds from long-term debt	-	-	-	-	143,333
Total other financing sources (uses)	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>4,605,019</u>
Net change in fund balances	26,381	29,500	3,628	(47,562)	5,303,108
Fund balances - beginning, restated	56,556	139,347	94,842	196,165	12,461,140
Fund balances - ending	<u>\$ 82,937</u>	<u>\$ 168,847</u>	<u>\$ 98,470</u>	<u>\$ 148,603</u>	<u>\$ 17,764,248</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Combining Statement of Net Position  
Non-Major Enterprise Funds  
June 30, 2021

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total
<b>ASSETS</b>											
Current assets:											
Cash and cash equivalents	\$ 3,841,481	\$ 899,069	\$ 564,990	\$ 369,401	\$ 353,916	\$ 78,003	\$ 290,784	\$ 522,473	\$ 37,156	\$ 128,207	\$ 7,085,480
Accounts receivable, net	155,424	1,701	10,056	500	(5)	-	-	-	-	787	168,463
Other receivable	-	2,793	-	-	-	-	-	-	-	-	2,793
Inventory	-	-	-	-	2,513	7,764	-	-	16,365	5,101	31,743
Prepaid expenses	-	-	-	1,015	-	-	-	-	-	-	1,015
Notes receivable	-	-	-	-	-	-	400,000	-	-	-	400,000
Total current assets	3,996,905	903,563	575,046	370,916	356,424	85,767	690,784	522,473	53,521	134,095	7,689,494
Noncurrent assets:											
Notes receivable	-	-	-	-	-	-	1,200,000	-	-	-	1,200,000
Capital assets:											
Land and other non-depreciable assets	184,059	1,049,284	117,159	-	-	-	-	400,000	-	-	1,750,502
Other capital assets, net of depreciation	2,760,427	489,177	4,393,657	31,171	5,035,110	340,447	2,194,272	462,861	69,089	395,386	16,171,597
Total noncurrent assets	2,944,486	1,538,461	4,510,816	31,171	5,035,110	340,447	3,394,272	862,861	69,089	395,386	19,122,099
Total assets	6,941,391	2,442,024	5,085,862	402,087	5,391,534	426,214	4,085,056	1,385,334	122,610	529,481	26,811,593
<b>LIABILITIES</b>											
Current liabilities:											
Accounts payable	75,489	-	30,567	3,061	12,378	21,367	12,843	435,750	-	33,937	625,392
Accrued payroll liabilities	2,109	-	5,474	757	5,815	8,954	2,777	22,278	1,718	32,149	82,031
Due to other funds	-	-	-	-	-	-	40,532	-	-	-	40,532
Accrued interest payable	-	-	-	-	-	-	31,530	-	-	-	31,530
Unearned revenue	-	-	-	-	-	-	-	-	208	-	208
Current portion of:											
Due to depositors	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	38,400	-	400,000	-	-	-	438,400
Accrued compensated absences	93	-	120	-	335	378	485	1,510	-	497	3,418
Total current liabilities	77,691	-	36,161	3,818	56,928	30,699	488,167	459,538	1,926	66,583	1,221,511
Non-current liabilities:											
Notes payable	-	-	-	-	182,400	-	1,200,000	-	-	-	1,382,400
Accrued compensated absences	841	-	1,080	-	3,015	3,400	4,369	13,592	-	4,472	30,769
Total non-current liabilities	841	-	1,080	-	185,415	3,400	1,204,369	13,592	-	4,472	1,413,169
Total liabilities	78,532	-	37,241	3,818	242,343	34,099	1,692,536	473,130	1,926	71,055	2,634,680
<b>NET POSITION</b>											
Net investment in capital assets	2,944,486	1,538,461	4,510,816	31,171	4,814,310	340,447	2,994,272	862,861	69,089	395,386	18,501,299
Unrestricted (deficit)	3,918,373	903,563	537,805	367,098	334,881	51,668	(601,752)	49,343	51,595	63,040	5,675,614
Total net position	\$ 6,862,859	\$ 2,442,024	\$ 5,048,621	\$ 398,269	\$ 5,149,191	\$ 392,115	\$ 2,392,520	\$ 912,204	\$ 120,684	\$ 458,426	\$ 24,176,913

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Non-Major Enterprise Funds  
For the Year Ended June 30, 2021

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total
<b>REVENUES</b>											
Solid waste revenue	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Stormwater revenue	1,373,354	-	-	-	-	-	-	-	-	-	1,373,354
Penalty revenue	-	-	-	-	-	-	-	-	-	-	-
Parking fees	-	42,335	-	-	-	-	106,267	-	-	-	148,602
Rental receipts	-	-	236,765	2,093	47,125	-	16,917	-	-	5,800	308,700
Admissions and concessions	-	-	-	11,613	11,073	145,459	11,483	-	-	380,454	560,082
Miscellaneous revenue	-	3,779	153,304	1,457	-	(68)	30,533	235	20	50	189,310
Activity fees	-	-	-	-	-	-	-	382,768	24,270	-	407,038
Intergovernmental programs	-	-	30,000	-	-	-	-	-	-	-	30,000
Total operating revenues	1,373,354	46,114	420,069	15,163	58,198	145,391	165,200	383,003	24,290	386,304	3,017,086
<b>OPERATING EXPENSES</b>											
Cultural and recreational	-	-	-	325,881	271,442	294,136	127,683	566,577	35,499	395,035	2,016,253
Parking	-	871	-	-	-	-	-	-	-	-	871
Stormwater	388,064	-	-	-	-	-	-	-	-	-	388,064
Transportation	-	-	195,607	-	-	-	-	-	-	-	195,607
Depreciation expense	127,684	98,764	209,083	3,315	234,819	-	-	398	5,618	263,379	943,060
Total Operating Expenses	515,748	99,635	404,690	329,196	506,261	294,136	127,683	566,975	41,117	658,414	3,543,855
Operating income (loss)	857,606	(53,521)	15,379	(314,033)	(448,063)	(148,745)	37,517	(183,972)	(16,827)	(272,110)	(526,769)
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Investment income	66,515	24,106	7,706	-	4,134	-	-	3,593	4	976	107,034
Interest expense	-	-	-	-	-	-	(71,530)	-	(39)	-	(71,569)
Donations	-	-	-	30,645	-	-	-	-	25,507	-	56,152
Total non-operating revenue (expenses)	66,515	24,106	7,706	30,645	4,134	-	(71,530)	3,593	25,472	976	91,617
Income (loss) before contributions and transfers	924,121	(29,415)	23,085	(283,388)	(443,929)	(148,745)	(34,013)	(180,379)	8,645	(271,134)	(435,152)
Capital contributions	-	-	-	21,211	260,000	-	-	-	-	-	281,211
Transfers in	-	-	-	648,600	450,000	144,543	288,188	494,000	-	-	2,025,331
Transfers out	(1,126,629)	-	-	-	(60,000)	-	-	-	-	-	(1,186,629)
Change in net position	(202,508)	(29,415)	23,085	386,423	206,071	(4,202)	254,175	313,621	8,645	(271,134)	684,761
Total net position - beginning restated	7,065,367	2,471,439	5,025,536	11,846	4,943,120	396,317	2,138,345	598,583	112,039	729,560	23,492,152
Total net position - ending	\$ 6,862,859	\$ 2,442,024	\$ 5,048,621	\$ 398,269	\$ 5,149,191	\$ 392,115	\$ 2,392,520	\$ 912,204	\$ 120,684	\$ 458,426	\$ 24,176,913

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
For the Year Ended June 30, 2021

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Receipts from customers & service users	\$ 1,397,273	\$ 240,325	\$ 420,219	\$ 36,194	\$ 58,198	\$ 145,391	\$ 165,556	\$ 383,003	\$ 49,764	\$ 386,304	\$ 3,282,227
Payments to suppliers	(331,751)	(3,681)	(118,003)	(322,696)	(198,535)	(231,328)	(214,762)	278,649	(44,003)	(150,712)	(1,336,822)
Payments to employees	(41,358)	-	(102,094)	-	(93,971)	(103,017)	(53,413)	(423,035)	-	(212,613)	(1,029,501)
Interfund receipts/payments	-	-	-	-	-	(1,947)	-	-	-	(1,071)	(3,018)
<b>Net cash provided by (used in) operating activities</b>	<u>1,024,164</u>	<u>236,644</u>	<u>200,122</u>	<u>(286,502)</u>	<u>(234,308)</u>	<u>(190,901)</u>	<u>(102,619)</u>	<u>238,617</u>	<u>5,761</u>	<u>21,908</u>	<u>912,886</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Transfers from other funds	-	-	-	648,600	450,000	144,543	288,188	494,000	-	-	2,025,331
Transfers to other funds	(1,126,629)	-	-	-	(60,000)	-	-	-	-	-	(1,186,629)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(1,126,629)</u>	<u>-</u>	<u>-</u>	<u>648,600</u>	<u>390,000</u>	<u>144,543</u>	<u>288,188</u>	<u>494,000</u>	<u>-</u>	<u>-</u>	<u>838,702</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Purchases of capital assets	(80,150)	-	(38,924)	(779)	(220,800)	-	(978,414)	(400,000)	-	-	(1,719,067)
Proceeds from issuance of capital debt	-	-	-	-	220,800	-	1,123,629	-	-	-	1,344,429
Principal paid on capital debt	-	-	-	-	-	-	(400,000)	-	-	-	(400,000)
Other sources	-	-	-	-	-	-	400,000	-	-	-	400,000
Loan administration fees paid on capital debt	-	-	-	-	-	-	(40,000)	-	(39)	-	(40,039)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(80,150)</u>	<u>-</u>	<u>(38,924)</u>	<u>(779)</u>	<u>-</u>	<u>-</u>	<u>105,215</u>	<u>(400,000)</u>	<u>(39)</u>	<u>-</u>	<u>(414,677)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Interest and dividends	66,515	24,106	7,706	-	4,159	-	-	3,593	4	976	107,059
<b>Net cash provided by investing activities</b>	<u>66,515</u>	<u>24,106</u>	<u>7,706</u>	<u>-</u>	<u>4,159</u>	<u>-</u>	<u>-</u>	<u>3,593</u>	<u>4</u>	<u>976</u>	<u>107,059</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(116,100)	260,750	168,904	361,319	159,851	(46,358)	290,784	336,210	5,726	22,884	1,443,970
<b>Balances - beginning of year</b>	<u>3,957,581</u>	<u>638,319</u>	<u>396,086</u>	<u>8,082</u>	<u>194,065</u>	<u>124,361</u>	<u>-</u>	<u>186,263</u>	<u>31,430</u>	<u>105,323</u>	<u>5,641,510</u>
<b>Balances - end of year</b>	<u>\$ 3,841,481</u>	<u>\$ 899,069</u>	<u>\$ 564,990</u>	<u>\$ 369,401</u>	<u>\$ 353,916</u>	<u>\$ 78,003</u>	<u>\$ 290,784</u>	<u>\$ 522,473</u>	<u>\$ 37,156</u>	<u>\$ 128,207</u>	<u>\$ 7,085,480</u>
<b>Reconciliation to Statement of Net Position:</b>											
Cash and cash equivalents	<u>\$ 3,841,481</u>	<u>\$ 899,069</u>	<u>\$ 564,990</u>	<u>\$ 369,401</u>	<u>\$ 353,916</u>	<u>\$ 78,003</u>	<u>\$ 290,784</u>	<u>\$ 522,473</u>	<u>\$ 37,156</u>	<u>\$ 128,207</u>	<u>\$ 7,085,480</u>
Total cash and cash equivalents, end of year	<u>\$ 3,841,481</u>	<u>\$ 899,069</u>	<u>\$ 564,990</u>	<u>\$ 369,401</u>	<u>\$ 353,916</u>	<u>\$ 78,003</u>	<u>\$ 290,784</u>	<u>\$ 522,473</u>	<u>\$ 37,156</u>	<u>\$ 128,207</u>	<u>\$ 7,085,480</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Statement of Cash Flows  
Non-Major Enterprise Funds  
For the Year Ended June 30, 2021

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>											
Operating income (loss)	\$ 857,606	\$ (53,521)	\$ 15,379	\$ (314,033)	\$ (448,063)	\$ (148,745)	\$ 37,517	\$ (183,972)	\$ (16,827)	\$ (272,110)	\$ (526,769)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	127,684	98,764	209,083	3,315	234,819	-	(592)	398	5,618	263,379	942,468
Non-cash capital assets expensed	-	(2,810)	(18,548)	-	(22,684)	-	-	8,822	(8,488)	28,511	(15,197)
Miscellaneous income	-	-	-	30,645	-	-	-	-	25,507	-	56,152
Change in assets and liabilities:											
Due from other funds	-	-	-	-	-	(1,947)	-	-	-	(1,071)	(3,018)
Accounts receivable	23,919	(10,596)	150	2,886	-	-	356	-	-	-	16,715
Judgment receivables	-	204,807	-	-	-	-	-	-	-	-	204,807
Inventory	-	-	-	-	2,846	-	-	-	-	-	2,846
Accounts payable	14,734	-	(6,988)	2,652	(4,068)	(40,391)	(144,856)	428,971	-	7,417	257,471
Accrued payroll payable	212	-	401	533	(508)	(1,097)	102	2,063	(16)	(1,430)	260
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	(12,500)	-	-	-	-	(33)	-	(12,533)
Deposits subject to refund	-	-	-	-	-	-	-	-	-	-	-
Accrued compensated absences	9	-	645	-	3,350	1,279	4,854	(17,665)	-	(2,788)	(10,316)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,024,164</u>	<u>\$ 236,644</u>	<u>\$ 200,122</u>	<u>\$ (286,502)</u>	<u>\$ (234,308)</u>	<u>\$ (190,901)</u>	<u>\$ (102,619)</u>	<u>\$ 238,617</u>	<u>\$ 5,761</u>	<u>\$ 21,908</u>	<u>\$ 912,886</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2021**

	<u>Unemployment Insurance Fund</u>	<u>Life and Medical Fund</u>	<u>Workers Comp</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ (7,756)	\$ 577,990	\$ (7,261)	\$ 562,973
Accounts receivable, net of allowance	100	-	-	100
Prepaid expenses	-	-	63,938	63,938
Total assets	<u>(7,656)</u>	<u>577,990</u>	<u>56,677</u>	<u>627,011</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	221,415	-	221,415
Due to other funds	-	-	469,000	469,000
Current portion of:				
Claims liabilities	-	42,128	387,056	429,184
Total current liabilities	<u>-</u>	<u>263,543</u>	<u>856,056</u>	<u>1,119,599</u>
Non-current liabilities:				
Claims liabilities	-	63,192	582,683	645,875
Total non-current liabilities	<u>-</u>	<u>63,192</u>	<u>582,683</u>	<u>645,875</u>
Total liabilities	<u>-</u>	<u>326,735</u>	<u>1,438,739</u>	<u>1,765,474</u>
<b>NET POSITION</b>				
Unrestricted (deficit)	(7,656)	251,255	(1,382,062)	(1,138,463)
Total net position	<u>\$ (7,656)</u>	<u>\$ 251,255</u>	<u>\$ (1,382,062)</u>	<u>\$ (1,138,463)</u>



**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**City of Muskogee**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	<b>Unemployment Insurance Fund</b>	<b>Life and Medical Fund</b>	<b>Workers Comp</b>	<b>Total</b>
<b>REVENUES</b>				
Insurance premiums	\$ 12,327	\$ 4,521,565	\$ 539,717	\$ 5,073,609
Total operating revenues	<u>12,327</u>	<u>4,521,565</u>	<u>539,717</u>	<u>5,073,609</u>
<b>OPERATING EXPENSES</b>				
Premiums paid	21,868	1,363,525	122,664	1,508,057
Claims paid	-	4,245,247	724,694	4,969,941
Total operating expenses	<u>21,868</u>	<u>5,608,772</u>	<u>847,358</u>	<u>6,477,998</u>
Operating income (loss)	<u>(9,541)</u>	<u>(1,087,207)</u>	<u>(307,641)</u>	<u>(1,404,389)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	-	17,795	168	17,963
Miscellaneous Income	-	-	5,891	5,891
Transfer In	-	435,112	-	435,112
Total non-operating revenue (expenses)	<u>-</u>	<u>452,907</u>	<u>6,059</u>	<u>458,966</u>
Change in net position	(9,541)	(634,300)	(301,582)	(945,423)
Total net position - beginning	1,885	885,555	(1,080,480)	(193,040)
Total net position - ending	<u>\$ (7,656)</u>	<u>\$ 251,255</u>	<u>\$ (1,382,062)</u>	<u>\$ (1,138,463)</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

City of Muskogee  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2021

	<u>Unemployment Insurance Fund</u>	<u>Life and Medical Fund</u>	<u>Workers Comp</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers & service users	\$ 12,327	\$ 4,521,565	\$ 545,608	\$ 5,079,500
Payments to suppliers	(21,868)	(5,716,251)	(725,572)	(6,463,691)
Interfund receipts/payments	-	-	169,000	169,000
<b>Net cash provided by (used in) operating activities</b>	<u>(9,541)</u>	<u>(1,194,686)</u>	<u>(10,964)</u>	<u>(1,215,191)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	435,112	-	435,112
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>435,112</u>	<u>-</u>	<u>435,112</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	-	17,795	168	17,963
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>17,795</u>	<u>168</u>	<u>17,963</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(9,541)	(741,779)	(10,796)	(762,116)
<b>Balances - beginning of year</b>	<u>1,785</u>	<u>1,319,769</u>	<u>3,535</u>	<u>1,325,089</u>
<b>Balances - end of year</b>	<u>\$ (7,756)</u>	<u>\$ 577,990</u>	<u>\$ (7,261)</u>	<u>\$ 562,973</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	<u>\$ (7,756)</u>	<u>\$ 577,990</u>	<u>\$ (7,261)</u>	<u>\$ 562,973</u>
Total cash and cash equivalents, end of year	<u>\$ (7,756)</u>	<u>\$ 577,990</u>	<u>\$ (7,261)</u>	<u>\$ 562,973</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (9,541)	\$ (1,087,207)	\$ (307,641)	\$ (1,404,389)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Miscellaneous income	-	-	5,891	5,891
Change in assets and liabilities:				
Due from other funds	-	-	169,000	169,000
Accounts payable	-	(212,799)	(847,953)	(1,060,752)
Claims liability	-	105,320	969,739	1,075,059
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (9,541)</u>	<u>\$ (1,194,686)</u>	<u>\$ (10,964)</u>	<u>\$ (1,215,191)</u>

**CITY OF MUSKOGEE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

**Schedules of Expenditures of State Awards – Year Ended June 30, 2021**

<b>State Grantor/Pass through agency Grantor/Program Title</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Awards Expenditures</b>
<b>STATE AWARDS:</b>			
<u>MUSKOGEE COUNTY HEALTH DEPARTMENT:</u>			
TSET HLP Grant	N/A	\$ 5,000	\$ 5,000
OKLAHOMA STATE HISTORIC PERSERVATION OFFICE:			
Historical Preservation Grant	N/A	6,351	6,351
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
HOP Grant - Bike way	N/A	18,000	18,000
<b>TOTAL STATE AWARDS</b>		<b>\$ 29,351</b>	<b>\$ 29,351</b>

REPORTS REQUIRED BY GOVERNMENTAL AUDITING  
STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council  
City of Muskogee, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Muskogee, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Muskogee, Oklahoma's basic financial statements, and have issued our report thereon dated February 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Muskogee, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Muskogee, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Muskogee, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Muskogee, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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HOOD & ASSOCIATES CPAs, P.C.

HOODCPAS.COM

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### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hood & Associates CPAs PC*

Hood & Associates CPAs, PC

Tulsa, Oklahoma

February 21, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council  
City of Muskogee, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Muskogee, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Muskogee, Oklahoma's major federal programs for the year ended June 30, 2021. City of Muskogee, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Muskogee, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Muskogee, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Muskogee, Oklahoma's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Muskogee, Oklahoma's federal programs.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Muskogee, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Muskogee, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Muskogee, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Muskogee, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Muskogee, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Muskogee, Oklahoma's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Muskogee, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hood & Associates CPAs PC*

Hood & Associates CPAs, PC

Tulsa, Oklahoma

February 21, 2023

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**CITY OF MUSKOGEE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

**Schedules of Expenditures of Federal Awards – Year Ended June 30, 2021**

<b>Federal Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed through the Oklahoma Office of Management and Enterprise Services:				
CARES-Covid grant	21.019	N/A	\$ 2,860,678	\$ 2,860,678
CARES-Covid grant	21.019		30,000	30,000
CARES-Covid grant	21.019		3,579	3,579
Total U.S. Department of Treasury			<u>2,894,257</u>	<u>2,894,257</u>
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>				
Passed through Oklahoma Tourism and Recreation Department: Land and Water Conservation Fund	15.916		<u>256,159</u>	<u>256,159</u>
<u>COMMUNITY ORIENTED POLICING SERVICE:</u>				
Mental Health Grant	16.710		<u>121,299</u>	<u>29,168</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council:				
2020 Justice Assistance Grant	16.607	Police Vest 2019	624	624
2019 Justice Assistance Grant	16.607	Police Vest 2020	652	652
Subtotal of District Attorney's Council			<u>1,276</u>	<u>1,276</u>
Coronavirus Emergency Supplemental Funding Program	16.034	2020 VD-BX 0085	115,472	115,472
Total U.S. Department of Justice			<u>116,748</u>	<u>116,748</u>
<u>U.S. DEPARTMENT OF COMMERCE:</u>				
Passed through Economic Development Administration: EDA Grant	11.300	08-01-05030	<u>1,500,000</u>	<u>360,262</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Emergency Management Performance Grant (EMPG)	97.042	EMPG 21	25,000	18,750
Emergency Management Performance Grant (EMPG)	97.042	EMPG20	25,000	25,000
Oklahoma CARES PPE Grant	21.019	N/A	13,888	13,868
Subtotal Oklahoma Department of Emergency Management			<u>63,888</u>	<u>57,618</u>
Water Treatment Facility Electrical Damage Fried Rectifier	97.036	FEMA 4438DR	<u>3,750</u>	<u>3,750</u>
Total Department of Homeland Security			<u>67,638</u>	<u>61,368</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 4,956,101</u></u>	<u><u>\$ 3,717,962</u></u>

City of Muskogee, Oklahoma  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2021

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2021. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year ended June 30, 2021, the City did not provide any federal awards to subrecipients.

City of Muskogee, Oklahoma  
Schedule of Findings and Questioned Costs  
June 30, 2021

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements

were in accordance with GAAP: Internal control over financial reporting: *Unmodified*

- Material weakness(es) identified?   X   yes      no
- Significant deficiency(ies) identified?   X   yes      no

Noncompliance material to financial statements noted?   X   yes      no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified?      yes   X   no

Type of auditor's report issued on compliance for major federal programs:

*Unmodified*

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?      yes   X   no

Identification of major federal programs:

<i>Program</i>	<i>CFDA Number</i>
Cornavirus Relief Fund	21.019

Dollar threshold used to distinguish between type A and type B programs: \$750,000

- Auditee qualified as low-risk auditee?      yes   X   no

City of Muskogee, Oklahoma  
Schedule of Findings and Questioned Costs – Continued June 30, 2021

Section II--Findings Required to be Reported in Accordance with Government Auditing Standards:

A. Internal control

*Finding: 2021-001 – Controls over Financial Reporting*

Criteria: The City's management is responsible for ensuring the accurate and completeness of financial records and related information.

Condition: The City was unable to produce financial statements for the year ended June 30, 2021 in accordance with U.S. GAAP in a timely manner. In addition, the City did not effectively monitor and ensure proper implementation of internal controls.

Cause and Effect: During the year ended June 30, 2021, the City did not have the necessary personnel resources to maintain appropriate internal controls and processes to ensure accurate and timely financial reporting. In addition, the City did not maintain appropriate oversight of existing controls to prevent erroneous financial reporting.

The City's governing body and senior management should evaluate the City's internal controls related to financial reporting to ensure that the finance department is producing not only timely and accurate financial reports, but also monthly reports that can enable the governing body to exercise appropriate oversight of the City's financial activities in a timely manner.

*Management Response and Corrective Action Plan:*

The City will evaluate internal controls related to producing timely and accurate financial reports as well as monthly reporting to city council.

B. Compliance Findings

*Finding: 2021-002 –Filing of the State Auditor and Inspector Form 2643 with the State of Oklahoma*

Criteria: In order to report the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the State Auditor and Inspector Form 2643, which should be filed within 180 days from the fiscal year end.

Condition: Internal control processes were not adequately designed to ensure that the filing of the State Auditor and Inspector Form 2643 for fiscal year ending June 30, 2021 were filed within the required time frame as outlined by state statute, respectively.

Cause and Effect: Internal control processes were not adequately designed to ensure the State Auditor and Inspector Form 2643 was filed with the state auditor within the required time frame.

Recommendation: We recommend the internal controls for reporting with the state auditor be reviewed to ensure that future filings of the form are completed within the prescribed timeline.

*Management Response and Corrective Action Plan:*

The City plans to complete audits in the prescribed time so that the Form 2643 will be filed with the state within 180 days from the fiscal year end.

City of Muskogee, Oklahoma

Schedule of Findings and Questioned Costs – Continued June 30, 2021

*Finding: 2021-003 –Filing of the Data Collection form with the Federal Audit Clearinghouse*

Criteria: In order to report the Schedule of Expenditures of Federal Awards (the SEFA) in accordance with the Uniform Guidance, as well as the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the data collection from within 30 days of the filing of the audit report or nine months after the end of the fiscal year.

Condition: Internal control processes were not adequately designed to ensure that the filing of the data collection form for fiscal year ending June 30, 2020 were filed within the required time frame as outlined by the Uniform Guidance 2 CFR 200.512(a).

Cause and Effect: Internal control processes were not adequately designed to ensure the data collection form was filed with federal audit clearinghouse within the required time frame.

Recommendation: We recommend the internal controls for reporting with the federal audit clearinghouse be reviewed to ensure that future filings of the data collection form are completed within the prescribed timeline.

*Management Response:*

The City will complete and file the reports with the federal audit clearinghouse in a timely manner.

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

No matters were reported.

B. Compliance Findings

See finding 2021-003.



City of Muskogee, Oklahoma  
Prior Year Schedule of Findings and Questioned Costs –June 30, 2020

Section II--Findings Required to be Reported in Accordance with Government Auditing Standards:

A. Internal control

*Finding: 2020-001 – Controls over Financial Reporting*

Criteria: The City's management is responsible for ensuring the accurate and completeness of financial records and related information.

Condition: The City was unable to produce financial statements for the year ended June 30, 2020 in accordance with U.S. GAAP in a timely manner. In addition, the City did not effectively monitor and ensure proper implementation of internal controls.

Construction in progress - The City did not have adequate procedures in place to ensure that construction in-progress projects are being transferred timely to capital assets and depreciation is being recognized on those assets. The City's construction in progress were not being reviewed on a monthly basis or on a yearly basis. This resulted in construction in-progress projects that had been completed not being moved to capital assets and depreciated when placed in service.

Self-Insurance & workers compensation - Claim reserves related to the health care and workers compensation plans were not properly reviewed at year end. The City did accrue and claims at year end.

Accounts Payable - Accounts Payable were not properly reviewed at year end. The City did not accrue \$1.7 million of expenses in 2020 that should have been recorded. The City was accruing invoices by invoice date and not service period.

Grants Receivable – The City did not have adequate procedures over recording the grants receivable at the end of the year.

Component Unit – The City did not properly include their component units in the financial statements.

Cause and Effect: During the year ended June 30, 2020, the City did not have the necessary personnel resources to maintain appropriate internal controls and processes to ensure accurate and timely financial reporting. In addition, the City did not maintain appropriate oversight of existing controls to prevent erroneous financial reporting.

The City's governing body and senior management should evaluate the City's internal controls related to financial reporting to ensure that the finance department is producing not only timely and accurate financial reports, but also monthly reports that can enable the governing body to exercise appropriate oversight of the City's financial activities in a timely manner.

City of Muskogee, Oklahoma  
Prior Year Schedule of Findings and Questioned Costs –June 30, 2020

B. Compliance Findings

*Finding: 2020-002 –Filing of the State Auditor and Inspector Form 2643 with the State of Oklahoma*

Criteria: In order to report the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the State Auditor and Inspector Form 2643, which should be filed within 180 days from the fiscal year end.

Condition: Internal control processes were not adequately designed to ensure that the filing of the State Auditor and Inspector Form 2643 for fiscal year ending June 30, 2020 were filed within the required time frame as outlined by state statute, respectively.

Cause and Effect: Internal control processes were not adequately designed to ensure the State Auditor and Inspector Form 2643 was filed with the state auditor within the required time frame.

Recommendation: We recommend the internal controls for reporting with the state auditor be reviewed to ensure that future filings of the form are completed within the prescribed timeline.

*Finding: 2020-003 –Filing of the Data Collection form with the Federal Audit Clearinghouse*

Criteria: In order to report the Schedule of Expenditures of Federal Awards (the SEFA) in accordance with the Uniform Guidance, as well as the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the data collection from within 30 days of the filing of the audit report or nine months after the end of the fiscal year.

Condition: Internal control processes were not adequately designed to ensure that the filing of the data collection form for fiscal year ending June 30, 2020 were filed within the required time frame as outlined by the Uniform Guidance 2 CFR 200.512(a).

Cause and Effect: Internal control processes were not adequately designed to ensure the data collection form was filed with federal audit clearinghouse within the required time frame.

Recommendation: We recommend the internal controls for reporting with the federal audit clearinghouse be reviewed to ensure that future filings of the data collection form are completed within the prescribed timeline.

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

No matters were reported.

B. Compliance Findings

See finding 2020-003.



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Muskogee, Oklahoma

### **Report on the Audit of the Schedule of Expenditures of Federal Awards**

#### ***Opinion***

We have audited the schedule of expenditures of federal awards ("the Schedule") of City of Muskogee, Oklahoma (hereafter also referred to as "the City") for the fiscal year ended June 30, 2021, and the related notes.

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the City for the fiscal year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis of Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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HOOD & ASSOCIATES CPAs, P.C.

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### ***Responsibilities of Management for the Schedule***

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Hood and Associates Certified Public Accountants, P.C.  
Tulsa, Oklahoma  
February 21, 2023